

Weekend

# FINANCIAL TIMES

Weekend FT

Dead men  
don't testify

SECTION II

World Business Newspaper

## Republican rivals stake claim to be next US president

The nine men fighting to be Republican candidate for the US presidency headed for Des Moines, Iowa, for the big set-piece event of the 1996 campaign, a nationally televised debate. They aim to woo the 100,000 Republican voters expected to turn out on February 12 for the state's party presidential caucus, which will do much to determine the course of the Republican campaign. Page 22 and Lex

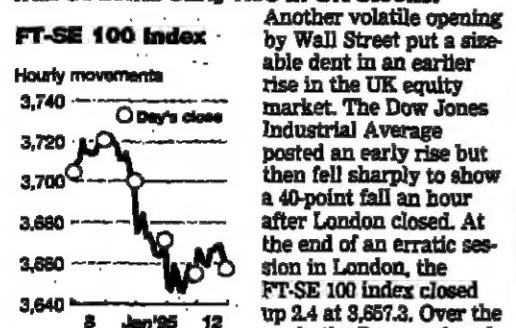
**France Télécom** announced a series of moves to launch itself fully on the Internet, providing access to users from anywhere in France for no more than the cost of a local telephone call. Page 2

**Warning to London Stock Exchange** The London Stock Exchange must reform the way shares are traded or face being undermined by rival exchanges in London and overseas, a leading member of the exchange's executive said. Page 4

**Lex, Page 22**

**Japan's PM ignores election calls** Japan's new prime minister, Ryutaro Hashimoto, ignored calls for an early election and pledged to concentrate on the country's economy. Page 22; Dutiful fall guy, Page 8

**Wall St dents early rise in UK stocks:**



points as the US budget deadlock unnerved international investors while the FTSE 100 registered a 47.2 fall. London stocks, Page 19; World stocks, Page 21

**Closet race predicted in Portugal poll:** Portugal's presidential race is expected to result in a close finish tomorrow after conservative candidate Aníbal Cavaco Silva narrowed the early lead held by his Socialist rival Jorge Sampaio. Page 2

**Major rebuffs Thatcher's critics:** UK prime minister John Major attempted to bind his warring Conservative party together by rebuffing a stinging criticism from former PM Baroness Thatcher. Page 22; Thatcher's crown prince founders, Page 4; Editorial Comment, Page 8

**New setback for González:** Spanish prime minister Felipe González faced renewed controversy as a "dirty war" inquiry closed in on a former cabinet colleague. Page 2

**Syria agrees to more peace talks:** Syria agreed to include military experts in its negotiating team and to hold a new round of peace talks with Israel in the US on January 24. Page 3

**Italy faces election decisions:** Italy's political leaders must choose between supporting a new reforming government or fighting early elections after the administration's resignation. Leaders from the centre-left and the right suggested a return to the polls was the most likely outcome. Page 2

**Extra demand pushed up oil prices:** A sharp rise in oil demand at the end of last year, together with lower than expected increases in supply, are responsible for pushing up prices, says the International Energy Agency. Page 3

**Spain cuts interest rates:** The Bank of Spain unexpectedly cut its benchmark interest rate from 9 per cent to 8.75 per cent. Page 2

**Kmart's debt rating lowered:** Struggling US discount retailer Kmart's debt rating was lowered to junk bond status by Standard & Poor's, the US rating agency. Page 6

**US hit by fresh snowstorms:** The US north-east, still recovering from one of the worst blizzards in decades, was hit by fresh snowstorms.

**Top cricket umpire to retire:** Dickie Bird is to retire as a Test umpire at the age of 63 after his 66th Test in a 23-year international career when England play India at Lord's in June.

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WEEKEND JANUARY 13/JANUARY 14 1996

## Russia aims to regain status as great power

By Chrystia Freeland  
in Moscow

"I would very much not like to become a *persona non grata* for the US public," Mr Primakov said, in an effort to soothe the widespread worries which his appointment has provoked in the west, particularly in the US.

However, in an echo of the nationalist rhetoric which Communist politicians used to great effect in parliamentary elections last month, the new foreign minister also insisted: "The point is that in spite of the present difficulties, Russia was and remains a great power. Her foreign policy should correspond to that status."

Mr Primakov, who speaks Arabic and has warm relations with some of the more radical regimes in the Middle East, said one of his most important tasks would

be to "diversify" Russian foreign policy.

Mr Andrei Kozyrev, Mr Primakov's liberal predecessor, had been fiercely criticised by nationalists for relying exclusively on friendly ties with the west, but the new foreign minister appears likely to try to revive Moscow's relations with former Soviet client states and allies.

Chief among them will be the former Soviet republics.

Although Mr Primakov stopped short of re-creating the USSR, he said the "strengthening of integrationist tendencies within the former Soviet Union" would be one of his principal goals.

In style as well as content, Mr Primakov's public appearance suggested the disciplined, tight-lipped days of Soviet diplomacy more than the free-wheeling approach of Mr Kozyrev, who is more than two decades younger than his successor.

An early sign of Mr Primakov's more hardline position came with his message to Japan, which is pressing Russia to return the Kurile Islands seized at the end of the second world war, "to wait

for another generation" before raising the issue.

Official western observers are also unlikely to have welcomed his nostalgic remarks when he said "the past four years and four months", when he served as Russia's chief spy, "were among the happiest of my life".

Russian Communists: same but different, Page 2

US peacekeeping troops watch an Antonov aircraft at Tuzla air base, Bosnia. Russian troops are to take part in the Nato mission

Picture: Reuters

## Swedish sleaze row dents image of ruling party

By Hugh Carnegie in Stockholm

Sweden's ruling Social Democratic party has been dragged into an embarrassing row which has clouded its aura of selfless public service.

Secretly shot television pictures of a private detective rifling through a journalist's desk and stuffing documents down his shirt have shaken the party just as it was recovering from controversy over the use of government credit cards which failed Ms Mona Sahlin, once the prime minister-in-waiting.

Mrs Sahlin resigned as deputy prime minister in November after disclosures that she had used government-issue credit cards to make private purchases.

The detective was working for executives of two organisations with close ties to the SDP. Mr Göran Persson, finance minister, to whom the party turned following Ms Sahlin's fall, was forced to go on TV in an attempt to distance the SDP from the episode, but he admitted it would damage the party.

It is now a row which could well do without. Last month an opinion poll showed the conservative opposition Moderate party had drawn level with the Social Democrats for the first time as support slumped for the party which has ruled Sweden for 53 of the past 64 years.

In the latest incident, the independent channel TV4 revealed that senior figures in HSB, a property and savings institution, and an advertising agency which masterminded the SDP's successful 1994 general election cam-

## Spain to sell more of stake in Repsol

By Tom Burns in Madrid

The Spanish government decided yesterday to sell an 11 per cent shareholding in Repsol, the profitable oil, gas and chemicals group.

The sale will take place at the end of this month in a global offering that could raise \$1.35bn (£1.1bn) at current market prices.

This disposal, which had been widely expected, will mean the group will be tapping the markets for the second time in less than a year.

Last April, the government reduced its Repsol holding from 40 per cent to 21 per cent in a placement that was two and a half times oversubscribed and realised \$1.2bn.

Details of the tranches in the new sale have still to be announced but the Sociedad Estatal de Participaciones Industriales (Sepi), the government agency which is making the disposal, is likely to offer half the 35m shares involved in the placement outside Spain.

The maximum share price for the offer will be announced on January 29, the subscription period will be between January 30 and February 2, and the final price will be fixed after Wall Street closes on February 5.

Repsol, one of Spain's premier industrial groups, lifted its net profits by 32 per cent, from \$1.69bn to \$1.82bn over the first nine months of the current financial year.

Sharp increases in earnings

Continued on Page 22

## French network of insurance agents set for radical shake-up

By Andrew Jack in Paris

France's insurance industry is set for a radical shake-up as negotiations come to a head over the future of thousands of general agents who dominate the sales of many types of insurance policies.

The leading insurance companies and representatives of the agents are close to an agreement which is likely to lead to the most fundamental reform in their relations in more than 45 years.

The profession of general agent, which has existed for more than a century, is a French creation. Agents operate independently with unlimited liability, but each has an exclusive agreement with an insurer which grants them a monopoly in a region to sell its policies.

Under proposals being discussed, relations between the agents and insurance companies are expected to be made much more flexible. The degree to which agents can sell only a single insurer's products may be reduced and the ways in which they are remunerated made more dependent on profitability.

They may also in the future be able to protect their personal assets by becoming incorporated, also allowing groups of agents

more easily to merge and become more productive.

There are currently 17,440 agents in France, generating a sales in 1994 of FFr13.7bn (\$2.75bn).

During that year, they sold 42 per cent of all non-life insurance policies issued in France - such as for cars and house contents - and 15 per cent of life assurance policies.

All the leading French corporate insurers use general agents to sell their products for a commission, currently fixed at about 17 per cent of a policy's value. However, insurance companies

Continued on Page 22

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## NEWS: INTERNATIONAL

# Syria shows stronger commitment to peace talks

By Julian Ozanne

Syria yesterday agreed to include military experts in its negotiating team and to hold a new round of peace talks with Israel in the US on January 24.

The stepped-up commitment to reaching peace was announced by Mr Joubieh Kourieh, spokesman for Syrian President Hafez al-Assad after Mr Assad had four and half hours of talks with Mr Warren Christopher, US secretary of state, in Damascus.

Mr Christopher said his talks with Mr Assad had been important and productive. "I think that we have crossed an important threshold in the negotiations," he said. "I believe that both President Assad and (Israeli) Prime Minister (Shimon) Peres are determined to see that the work is complete."

Israeli officials said before the Damascus announcement that if Syria agreed to include a senior military officer and water and economic experts in its negotiating team, it would signal an important political decision by Mr Assad to speed up the pace of the peace negotiations.

US officials, however, said Syria had not agreed to this stage to the inclusion of water and economic experts, although Mr Assad had agreed that the next round of talks would last for three days, adjourn for two days and resume on January 29.

The inclusion of military officers, who Mr Christopher said would probably be the countries' chiefs of staff, is, however, significant. It will allow

the talks to move on from discussing procedural matters to working out details of substance over the type of security arrangements to be put in place to guarantee mutual security in the event of Israel withdrawing from the occupied Golan Heights in return for peace.

Army chiefs from Israel and Syria met once last year to discuss security arrangements but failed to find common ground. Peace talks broke off for six months and Syria refused to send military experts to subsequent negotiations.

Israel and the US this week called for an intensification of the negotiations and said only a faster pace of talks and progress towards discussing matters of substance would allow a peace agreement to be forged before Israeli elections due by October 29.

Israel believes that the two sides have made solid procedural progress in two rounds of talks held in the US since late December but wants the talks to split up into working groups on water, security, economics and regional co-operation in the belief that progress on one track will allow concessions and trade-offs to be made on other tracks.

Israel has already compiled a comprehensive working paper on security arrangements to be discussed by both sides. The paper proposes a thinning out of Syrian troops massed on the Syrian side of the border as a quid pro quo for Israeli military withdrawal from the Golan.

# EU defends ban on beef treated with hormones

By Guy de Jonquieres,

The European Commission yesterday defended the EU's ban on hormone-treated beef against a legal challenge by the US, saying removal of the curb would alarm consumers and risk destabilising the market.

Mr Daniel Glickman, the US agriculture secretary, said on Thursday he planned to lodge a complaint to the World Trade Organisation against the ban, which has provoked bitter transatlantic trade rows since it was introduced seven years ago.

The Commission would not say yesterday exactly how it planned to respond to the US move. That decision is likely to wait discussions between Mr Franz Fischler, Europe's agriculture commissioner, with his commission colleagues next week and with EU farm ministers later in the month.

The complaint, backed by Mr Mickey Kantor, US Trade Representative, will pose an important test of new world trade rules and threatens, if successful, to plunge the EU into deep political controversy.

The US is expected to argue that the ban violates an agreement in the Uruguay Round world trade deal, which requires that trade restrictions imposed on health and safety grounds be justified scientifically if they do not meet international standards.

The EU has offered no scientific justification for the ban, which has failed to win backing from scientists asked by the EU to investigate the effects of using growth-promoting hormones.

# Sun goes down on imitation Tequila

By Leslie Crawford  
in Mexico City

Tequila, the potent cactus-based spirit which Mexicans drink neat and often, and which foreigners mix in Margaritas and other cocktails, is about to be protected by strict rules of origin under an agreement Mexico and the European Union will sign this month.

The "appellation contrôlée" certificates for Tequila, which is distilled from the sugar of the blue agave cactus, will allow Mexican producers to combat the cheap imitations, produced in the Philippines, Spain and Japan, that have proliferated with the drink's increasing popularity abroad.

Under the agreement, only the liquor that is produced from blue agave plantations in the valley of Tequila, in the western state of Jalisco, and neighbouring municipalities, will have the right to bear its name.

"This is the first important step to protect our national drift from the damage inflicted by false Tequila in Europe," says Mr Ramon Gonzalez Figueroa, president of the Tequila Regulatory Council in Guadalajara.

"We want to stamp out competition of sugar beet and rice spirits which are marketed as Tequila in Europe, which is our second most important export market," he said.

The US, he said, already recognises rules of origin for Mexican Tequila.

The negotiations between Mexico and the EU have dragged on for almost 10 years, in part because Mexico has had problems in controlling its own bootleggers.

The blue agave is an expensive raw material. It takes about 10 years to ripen and must be picked by hand, and, faced with growing demand, some bulk producers have been tempted to mix increasing amounts of sugar cane spirit with agave.

Producers of well-known brands have fought an uphill battle to impose quality controls on the industry, and after many years, the regulatory council recently succeeded in imposing two standards for Tequila: one which is produced with 100 per cent blue agave, which can retail for more than \$200 a bottle, and lower cost brands which must nevertheless contain at least 51 per cent blue agave to call themselves Tequila.

The export market, worth almost \$200m a year, has grown rapidly. Almost two-thirds of Mexico's 75m-litre production in 1995 went abroad.

The Commission recently proposed tightening the hormone ban, which many smaller European farmers see as a protection against cheap imports. Its proposal is supported most EU governments, the European Parliament and consumer organisations.

If the WTO ruled against the ban, the EU could face an unavoidable choice between repealing it, against strong political opposition, or flouting its international commitments and undermining the WTO by ignoring the decision.

The US, which says the ban costs it about \$100m a year in lost trade, has already imposed trade sanctions of equivalent value on EU exports. The US says it wants to discourage other countries from restricting trade on dubious health and safety grounds.

The WTO allows 60 days for consultation after a complaint is lodged. If no settlement is reached, a dispute panel is set up and must report in six months. An appeal can be made against its decision to an independent WTO tribunal, which must rule within 90 days.

The agency's monthly oil market report published yesterday attributes much of the rise to the very cold weather, while pointing out that stocks of crude oil in the US were comparatively low. North American stocks at the end of November were 68m barrels lower than a year earlier, as oil

companies switched to just-in-time deliveries as part of cost reduction programmes.

Oil market traders say such practices and volatility to world prices, especially during cold snaps and other unforeseen events, as refiners tend to rush to the market on mass to make up for any shortfalls.

Recent peaks in the price of

# Samaritan vote will be good for Arafat

Julian Ozanne reports from Nablus on why a tiny community matters to the PLO leader

Mr Shalom Cohen, a 75-year-old Samaritan priest, has lived long enough to see almost every momentous event in his home town of Nablus. A violent earthquake in 1927, several wars, and the occupation of his town and his tiny "nation", one of the smallest in the world, by British, Iraqi, Jordanian, Israeli and Palestinian troops. But he has never seen one of his people go to parliament. That is about to change and Mr Cohen is one of three Samaritans who believes he ought to be the one.

The effort by Mr Yassir Arafat, leader of the Palestine Liberation Organisation, to prove he is the biggest liberal democrat in the Middle East, has prompted an unlikely election among the Samaritans, produced in the Philippines, Spain and Japan, that have proliferated with the drink's increasing popularity abroad.

The Samaritans, a long forgotten and ancient people left over from the 2,500-year-old schism within the tribes of Israel, have been given the right to send one representative to the 88-member Palestinian legislative council to be elected next weekend.

The member will represent a minority community of no more than 284 people. A further 27 live in Holon in Israel bringing the global Samaritan population to 381.

Although it may seem a quirk in the broad picture of Palestinian politics, the Samaritan election is strangely important to Mr Arafat. The veteran Palestinian leader has long insisted that he wants to run a secular multi-ethnic state where the rights of all minority groups, including possibly Jews, are respected.

The Samaritans are, in a way, an ideal group for Mr Arafat's democratic pretensions. They are neither Christian, Jewish nor Moslem but rather straddle the faiths. Anthropologists say they are a Jewish sect that separated from the Jews although they

are immersed in Arabic culture

and many of their names are a mixture of Arabic and Hebrew, like Abdallah Cohen. They claim to belong to the tribes of Levi, who emanated from Jacob and they believe that the windswept Mount Gerizim (Mount of the Blessed) above Nablus and not Jerusalem was the first site of the Jewish Temple in the times of King David around 1000BC. They describe themselves as "Samaritan Israelites", as descendants of the Kingdom of Israel distinguishing themselves from the Jews who are descendants of the Kingdom of Judah. They say they have lived continuously in Nablus since the time the land of Israel was conquered by Joshua.

In some ways they claim to

be more Jewish than the Jews: they closely follow the five books of Moses (The Pentateuch) and not the Talmud, their kosher laws are stricter and on Passover they sacrifice lambs on Mount Gerizim. Although they speak Arabic at home, they use ancient Hebrew as their language of prayer.

As a small nation they have learned the art of survival by siding with the stronger power - whoever will guarantee their safety and their right to stay near Mount Gerizim.

"I am a Samaritan first and foremost and then a Palestinian," says Mr Arafat. "But we are a small nation and we have to safeguard our religion and our customs by being friends of the Kingdom of Israel distinguishing themselves from the Jews who are descendants of the Kingdom of Judah. They say they have lived continuously in Nablus since the time the land of Israel was conquered by Joshua.

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fice lambs on Mount Gerizim.

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home, they use ancient Hebrew as

their language of prayer.

But throwing in their lot

with Mr Arafat is not merely a

pragmatic choice. Many in the

community remember Mr Ara-

fat's kindness during the intifada

or Palestinian uprising. A num-

ber of Samaritans in Nablus were stoned by Palestini-

ans who accused them of

being collaborators with the

Israeli occupation. A few

Samaritan houses were

burned. Mr Arafat broadcast a

radio address telling Palestin-

ians that whoever hurt the

Samaritans were personally

hurting him and he sent thou-

sands of dollars of compensation

to those whose homes had

been destroyed.

"There is the parable in the

New Testament about the good

Samaritan," said Mr Arafat. "Mr Arafat is our good Samaritan."

Mr Arafat says he hopes Israel will take Mr Arafat's lesson on board and give the 287 Samari-

tans living in Holon a seat in

the Israeli parliament.

However, the election has

divided the tiny community.

Mr Arafat hoped the Samari-

tans would choose one candi-

date making an election unnec-

essary, especially as many

Palestinians think that giving

one seat to 284 people is an

extravagance when Palestini-

ans will be represented in a

ratio of 1 council member to

29,000 people. Despite having

three candidates in the run-

ning the contest appears

devoid of politics. When asked

for his programme Mr Arafat

says: "We'll set the programme

after the elections. I don't

promise anything but I will try

to do something for my peo-

ple."

Mr Cohen also seems vague

about his political goals.

Dressed in a red turban and

olive green three-piece suit he

says the main reason he is

standing is because the High

Priest was supposed to consult

everybody about a single can-

didate but that he failed to do

so and just announced Mr Arafat

as the chosen candidate. But

he adds: "I am much more well

known around Nablus and in

the villages."

One point is important, he

says: "We are asking Arafat

that there should be no split

between us and the Holon

Samaritans and they should

have free passage. We don't

want what happened during

the Jordanian period when

Samaritans from Holon could

not come to Mount Gerizim

anytime, especially to celebrate

Passover with us."

That may not seem like a

major political programme but

for a small nation struggling to

survive and grow it is vital. I

remember that in 1927

## NEWS: UK

**Stock Exchange** Consultation paper on trading reflects continuing erosion of privileges of marketmaking

## Options for order-driven system published

By John Gapper,  
Banking Editor

The London Stock Exchange must reform the way in which shares are traded or face being undermined by rival exchanges in London and outside Britain, a leading member of the exchange's executive said yesterday.

Mr Giles Vardey, director of markets development, spoke as the exchange published a consultation document on proposals to reform the marketmaking system used to trade the shares of large UK companies in the London market. He said it was

"very unlikely indeed" that the 350 members of the exchange would not implement an order-matching system for the trading of larger company shares. This could either replace, or work alongside, marketmaking.

Under order-matching, brokers post orders to buy and sell shares on a trading screen. The orders are automatically executed by a computer. With marketmaking, big investment banks undertake to make continuous offers to buy and sell shares.

Mr Vardey said the privileges of marketmaking were slowly being eroded, and a growing number of

trades were now carried by other methods. "These proposals reflect what is occurring," he said.

The document was published a week after the dismissal of Mr Michael Lawrence, the exchange's former chief executive. The document is not thought to have been altered from the drafts prepared by Mr Lawrence following a November board meeting.

The consultation document lists three options for the introduction of order-matching. It argues that the profits from basic marketmaking have now become inadequate.

The first option is that all UK stocks could be traded by an order-driven system, although large investment banks may still commit capital to trading large blocks of shares on behalf of investors willing to pay for the service.

The second is that there could be order-driven trading for some stock and marketmaking for others. The third option is that there could be a combined quote-and-order-driven system, a possibility known as the "hybrid" approach. Marketmakers oppose a hybrid, arguing it would not provide high enough returns. Mr Law-

rence's apparent support for a hybrid was one reason for discontent about him among the largest of the exchange's members.

However, marketmakers are increasingly willing to accept an order-driven system for all UK stocks provided that they obtain enough safeguards to ensure that block trading, known as "upstairs" trading in the US, would be profitable.

Mr Vardey believed reformed trading system could be implemented in August, but marketmakers have argued that it will take a year to prepare fully for the change.

## Thatcher's crown prince flounders

**Michael Portillo still has lessons to learn, says Philip Stephens**

There has been a scarcely challenged assumption on the Eurosceptic right almost from the moment of sterling's ejection from the European exchange rate mechanism in September 1992. Only a general election lay between the true heirs to Lady Thatcher and the leadership of the Conservative party. Mr Michael Portillo, *pace* his bolder rival for the succession Mr John Redwood, was the crown prince.

Suddenly, nothing seems quite so certain. The arithmetic suggests that any of the most likely election outcomes would deliver a notional majority to rightwing Tory MPs. Many of those who call themselves traditional One Nation Conservatives are relinquishing safe seats to spend more time with businesses and families. By and large, their places will be taken by Lady Thatcher's children. And it is the parliamentary party which chooses the leader.

But a majority is nothing without a convincing candidate. Which takes us to Michael Denzil Xavier Portillo, secretary of state for defence, ardent Eurosceptic, and self-appointed keeper of the Thatcherite torch. A lot is riding on Mr Portillo. But he has had a rotten start to the year. It follows a pretty dismal 1995.

No one should doubt Mr Portillo's intellect. His is one of the sharpest minds in the cabinet. Civil servants are amazed at the contrast between his cheap rants against all things European from Tory party platforms and his careful engage-

ment when he actually meets his counterparts from mainland Europe. Yet the past two weeks have exposed once again an insecurity behind the quick brain; a flaw in the confident prospectus for free-market patriotism. Mr Portillo, it is being said even by some admirers, too often lets vanity get in the way of mature judgment. He is 42 and too often sounds his age.

When Ms Emma Nicholson quit the Conservative party for the Liberal Democrats, Mr Portillo gave her reaction in a BBC radio interview. "Good Ridance" was the gist. If Ms Nicholson shared the Liberal Democrat ambition of a United States of Europe, there was no room for her in the Conservative party. It sounded churlish, calculated to annoy the Europeans in his party.

As it was, Mr Portillo attracted a stream of abuse from those who shared many of Ms Nicholson's anxieties but had decided to stay in the Tory party. His discomfiture was then deepened by a silly story that he had decided to sell off some of the Admiralty's finest buildings in London. It was untrue, but that became clear only after a retired admiral had hit the front pages with his description of the defence secretary as "a little creep".

The lesson from the episode was that Mr Portillo has serious enemies. Even at the Tory party conference in October, Mr Portillo used his speech to fire a volley of tasteless jibes at Britain's European partners and appropriated to his cause the motto of the army's elite SAS unit. Who Dares Wins.

The conference liked it. And a speech served its purpose of re-staking his claim to leadership of the right. But most of the rest of the cabinet were appalled, as was the army.

Mr Portillo had crossed the line between respectable patriotism and tawdry xenophobia. It was not long before other ministers were heard remarking, albeit with a large dose of

humour, that the defence secretary's Spanish antecedents had left him ignorant of the value of English understatement. Oddly, Mr Major still feels obliged to offer public support to Mr Portillo, a colleague he dismisses privately as an unbalanced xenophobe.

There are signs, though, that Mr Portillo has made a bigger strategic error in his anxiety to establish himself as the unchallenged candidate of the right. He has ignored the need to accommodate the rest of his party. Even Lady Thatcher compromised to secure the leadership. Mr Portillo has hitherto done nothing to win a hearing, let alone friends, in the centre or on the left.

He is too passionate, too uncompromising, in his beliefs, particularly about Europe. He sees Britain's entry into the then European Community in 1973 as an historic mistake. He would not withdraw now, but he is convinced the political tide is running irreversibly in the direction of progressive disengagement.

If Mr Portillo is to lead the Conservatives, he must persuade its uncommitted centre that he would not split the party and thereby keep it out of office for a generation. Mr Portillo is a special politician, but he has much to learn. He should start by understanding that the single most important quality demanded by the Tory party of its leader is the capacity to win power. It is time he made friends with his enemies. If he does not, he will never be prime minister.



Michael Portillo: an ardent Eurosceptic thought by some admirers to let vanity get in the way of good judgment too often

## Ireland may ask EU court to foil nuclear dump

By Chris Tighe  
In Newcastle upon Tyne

The government of the Republic of Ireland yesterday warned it would consider European Court action to block steps by Nirex, the UK nuclear industry's waste company, to develop a 22bn (\$3.1bn) underground repository for nuclear waste in north-west England near the Irish Sea.

Mr Emmet Stagg, the republic's minister responsible for nuclear safety and radiation protection matters, said he has already referred to the European Commission the environmental impact statement compiled by Nirex. This was to support a planning application for a Rock Characterisation Facility (RCF) intended to test the proposed repository site's geology and hydrogeology.

Mr Stagg claims the Nirex statement does not comply with an EU directive because it fails to furnish necessary information on other possible British locations for its proposed RCF, and on other storage and disposal methods. He contends that Nirex has also breached international law by focusing its inquiries on a site near the coast without first fully exploring inland possibilities.

Mr Stagg, minister at the Department of Transport, Energy and Communications, yesterday led a high-level Irish delegation to the public inquiry in England at which Nirex is appealing against Cumbria County Council's refusal to grant planning permission for a £185m RCF near Sellafield at Gosforth, about 4km from the coast.

Mr Stagg said the RCF was a first step towards an underground dump for long-term storage of nuclear waste. It would be an unnecessary and unacceptable addition to the existing extensive operations at Sellafield.

Nirex's formal response to the Irish claims is due in early February. But Nirex insisted it has complied with UK and international law. The RCF, it argues, is solely a research facility.

Nirex confirmed that should radiation escape through fractures in the rocks, it believed it would come out under the Irish Sea, which would dilute and disperse it.

"The amount of radiation

would make no significant change to the amount of radiation currently in the Irish Sea," Nirex said.

## UK NEWS DIGEST

### Dublin firm on all-party talks for N Ireland

Irish opposition to unionist proposals for elections to a new Northern Ireland assembly hardened yesterday with both Mr John Bruton, the Irish prime minister, and the main opposition leader Mr Bertie Ahern, indicating that the idea could not be an alternative to progress towards all-party talks.

Mr Bruton was speaking after meeting the former US senator Mr George Mitchell, chairman of the three-man panel set up by the London and Dublin governments to find a way around the impasse over the IRA's refusal to start "decommissioning" its weapons ahead of all-party talks. The governments will hold their first trilateral meeting with Sinn Fein on Wednesday in Belfast, ahead of the expected publication of the Mitchell conclusions on "decommissioning".

However with reports that the British government is preparing a number of working papers on the subject, Irish government officials are concerned that the elected assembly proposal should not develop as an alternative to the format for all-party talks. Mr Bruton, who hitherto has said all ideas can be on the agenda, insisted yesterday that the assembly proposal was not part of the remit of the panel.

John Murray Brown, Dublin

## UN criticises refugee plans

The British government's plan to restrict the rights of asylum seekers who arrive in the UK breaks international conventions on the treatment of refugees and should be scrapped, according to the United Nations.

The UN High Commission for Refugees says it is "gravely concerned" by legislation that would deprive some asylum seekers of welfare benefits - and claims the plans could "undermine the delicate humanitarian balance" of UK refugee law.

An unpublished paper says the withdrawal of welfare support from asylum appellants "undermines the ability of the United Kingdom to meet its regional and international treaty obligations". It claims the measures, which could lead to refugees being denied benefits, would place the UK "squarely in violation" of obligations under the UN's Convention on the Rights of the Child.

New legislation to deprive some refugees of welfare payments is being proposed by Mr Peter Lilley, the social security secretary, and faces a close vote in a Commons debate later this month.

James Blitz, Westminster

## Stressed managers 'go missing'

Middle-aged men worried about their careers have gone missing in their thousands during the past five years, says a study carried out by a leading UK charity.

Research by the National Missing Persons Helpline found that the incidence of missing people was greatest among men aged 31 to 30. Many are professionals trying to cope with changes caused by restructuring during and after the recession, says the study, which examined a sample of 3,500 cases reported between 1993 and 1995.

Some 38 per cent of missing persons are in the 31 to 50 age bracket. The next highest group, those aged 19 to 30, accounts for 25 per cent. A large majority of both groups are men. The charity said middle-aged men were going missing as a direct result of being unable to cope with financial or work pressures.

Richard Donkin, Employment Staff

## Glaxo abandons tax dispute

Glaxo Wellcome the pharmaceutical company, said yesterday it was abandoning its long-running dispute with the Inland Revenue in a case with widespread implications for multinational companies. Glaxo challenged the Revenue's powers to investigate a company's past tax affairs in years where a final tax settlement had not been made. But the High Court and the Court of Appeal upheld the Revenue's powers to look at these "open years" - in Glaxo's case before 1986.

Jim Kelly, Accountancy Correspondent

## Magazine seeks protection

The New Statesman, the loss-making left-of-centre political weekly magazine, is to seek the right to go into administration on Monday.

The directors of The Statesman and National Publishing Company decided last month to seek an administration order, partly to protect the company from creditors but mainly to allow a financial reconstruction to go ahead.

Independent trustees, who have the right to block changes in ownership, opposed a plan under which Mr Philip Jeffrey, the socialist millionaire, would have put £280,000 (£1.3m) in new money into the publication in return for sole control.

The crisis at the magazine, once the pre-eminent voice of the British left, comes at a time when subscriptions are rising.

Raymond Snoddy, Consumer Industries Staff

## Contracts

**Water transmission:** Two Teesside companies have won a \$4m contract to provide the control system for the Yarbit-Medina water transmission network for Medina in Saudi Arabia and other parts of the western province. The contract was awarded to InduSoft Projects, a computer systems integrator, and LIC Consult, a software house.

**Chemical warfare detector:** Graseby Dynamics, a subsidiary of the Graseby electronics instruments group, has been awarded a contract worth nearly \$1m from the US army for a system that detects harmful chemicals in the atmosphere.

**Pipe pipes:** Uponor, the Derbyshire-based unit of Finnish plastic pipe systems group Uponor Oy, has been awarded an £85m contract to supply pipes for the UK's gas distribution network.

**Engineering:** Clyde Blowers, the specialist engineering group, said its subsidiary BPE-Clyde PTE in Singapore has entered into a joint venture in China involving an investment of \$55m (£280m). The joint venture company, Shanghai Clyde Machinery Company, will manufacture soot-blowing equipment for the Chinese power market.

## Trucks lead upsurge in vehicle sales

By John Griffiths in London

Registrations of commercial vehicles rose strongly for the third successive year in 1995, with the industry projecting further growth - but at a slower rate - during the next two years.

Growth was led by the heavy trucks sector, in which registrations jumped by more than 20 per cent last year. However, statistics from the Society of Motor Manufacturers and Traders show that registrations of all types of commercial vehicle, from light vans to buses, were 9.6 per cent higher at 249,228 compared with the previous year's 228,083.

Imports took a larger share of the total market in 1995, rising to 45.6 per cent from the previous year's 43.3 per cent. The figure disguises a sharp jump during December, when

## Heavy truck registrations in 1995

Trucks over 15 tonnes	Volume (Units)	Volume Change (%)	Share (%) Jan-Dec 95	Share (%) Jan-Dec 94
Total	32,556	+20.7	100.0	100.0
Volvo	6,138	+12.1	18.9	20.3
Leyland DAF (DAF Trucks)	5,500	+28.7	16.9	15.8
Scania (Vinson)	5,890	+40.3	16.6	14.2
Iveco group ("Fiat")	4,050	+17.6	12.6	12.9
Mercedes-Benz (Daimler-Benz)	3,838	+15.7	11.8	12.3
ERF	3,062	+22.2	9.4	8.2
MAN	1,625	+5.8	5.0	5.8
Renault	1,305	+23.6	4.0	3.9

(names in brackets indicate ownership)

\*Includes IVECO Ford and Scania Atkinson.

Source: Society of Motor Manufacturers and Traders and Industry estimates.

ness reasons, and are regarded as a better indicator of economic activity than the car market, the disparity with the private car market suggests that carmakers must look to other factors than "lack of consumer confidence" to explain the lack of private buyers.

Total commercial vehicle registrations for last month were 13,737, an 8 per cent rise on December 1994.

The SMMT forecasts that overall commercial vehicle registrations will rise by a further 3.5 per cent this year and by 2.6 per cent in 1997. However, it believes that pent-up demand from heavy truck operators which delayed replacing their fleets during the recession has now been largely met, and that truck sales this year will be only 1.5 per cent higher - but with a further rise of 5.7 per cent in 1997.

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## COMPANIES AND FINANCE

# Tax snag over Granada's special dividend

By David Wighton and  
David Blackwell

The value of Granada's bid for Forte was thrown into doubt yesterday when leading tax experts said there was a "substantial risk" that the Inland Revenue would not allow tax credits on the proposed special dividend.

This would reduce the value of the offer by 11.75p a share for most institutional investors.

Granada replied that it had received "robust" legal advice that the scheme would be acceptable to the Revenue.

The tax experts consulted by Forte, including Mr Graham Arrowsmith QC, chairman of the Revenue Bar Association, said there was a significant risk

the Revenue would object to Granada's decision to offer a cash alternative to the proposed 47p special dividend.

It is the first time such a structure has been used in a bid and Forte was advised that it amounted to "streaming" — allowing shareholders to choose between taking a payment as income or capital according to their tax position.

It has emerged that in several of the recent bids for regional electricity companies where special dividends were offered, the bidders were advised against offering such a cash alternative.

Forte pointed out that Granada had not applied to the Revenue for tax clearance of its scheme, which has

become the standard practice for such special dividends. "Perhaps they did not want to hear the answer," suggested one Forte adviser.

Granada said yesterday it did not intend to seek the clarification from the Revenue as requested by Forte. It said the offer of a cash alternative made its scheme similar to a share buy-back, such as that proposed by Forte, where the Revenue practice is not to provide prior clearance.

One independent tax lawyer said there was "room for genuine debate" as to the Revenue's likely attitude.

But he added: "There is no doubt there is a higher risk that the Revenue will object because of the cash alternative. It is more provocative."

In a separate attack, Forte ques-

tioned Granada's claim that it would not pay any tax on the estimated £1.1m taxable gain arising from its proposed sale of Forte assets. But Granada said it was confident it could eliminate the liability by using its £250m of capital losses, rolling over gains into new investment and by selling some of the assets in the form of Forte plc, which will not lead to a capital gain.

Granada tried to hit back by pointing out that if Forte were unable to proceed with its share buy-back and was forced to pay the proposed special dividend alternative, it then intended to consolidate its shares. This would mean that the total dividends paid to ordinary shareholders would fall next year.

In the stock market yesterday, Mercury Asset Management bought another 1.1m Forte shares, taking its holding to 15.34 per cent, and a further 185,000 Granada shares, increasing its stake to 14.56 per cent.

Shares in Granada eased 1p to 663p at the close yesterday, valuing its offer for Forte at 375.5p a share and the bid at £3.81bn, excluding tax credits. Forte shares edged up 0.5p to close at 368p — well above Granada's 362p cash offer.

■ NatWest Securities is urging investors to buy Granada shares and accept the cash and paper offer. A broker's note published yesterday said the bid was always going to come down to management, adding that Granada's record "speaks for itself".

## Buyers eye up Forte's London hotels

By Scheherazade Daneshkhah  
Leisure Industries Correspondent

Several potential buyers have been running their eye over Forte's prestigious London hotels, although advisers to the Sultan of Brunei yesterday denied that he was "in any way involved".

Jewel in the crown is The Grosvenor House, part of the Exclusive business. Forte has said this hotel makes more money than its Travelodge chain, which it plans to sell to Whitbread, the brewer and leisure company.

There are already a number of prestigious hotels on the London market. These include the Hilton, Langham, Inter-Continental Britannia, the Howard hotel, owned by the Barclay brothers who also own the Ritz. They asserted yesterday that the Ritz was not for sale.

To these would be added Forte's other London Exclusive and its Meridian hotels: the Hyde Park, the Piccadilly, Meridian, the newly refurbished Browns and Waldorf hotels and the Westbury.

In addition, both Forte and Granada have said they will dispose of Forte's 68 per cent shareholding in the Savoy group of hotels — the Connaught, the Berkeley, Claridge's as well as the Savoy Hotel itself, in London. Prince Al-Waleed, the Saudi investor, is interested in Savoy, but has indicated he would want the support of the controlling trust.

The most likely buyers for the Meridian and Exclusive hotels, according to hotel consultants, are the prominent hotel chains which are looking to expand in London. These include ITT Sheraton and Marriott, which has a holding in Kitz-Carlton. There are no Kitz-Carlton hotels in London, but ITT Sheraton owns the Sheraton Park Tower in Knightsbridge.

Accor, France's largest hotel chain is known to be interested in the purchase of Meridian. It lost out to Forte when Air France sold the chain in 1994. Hotel consultants believe it is unlikely to have changed its mind about paying a premium price for the group.

Mr Alan Hopper, chairman at Pannell Kerr Forster, hotel consultant, said: "London is a such a good hotel market that there would be no difficulty in getting the sales under way. The issue is getting the best price."

Granada said yesterday that it was under no financial pressure to dispose of the hotels quickly.

## 'Much larger' Dawson down at £3.5m

Dawson Holdings, a provider of information-related services which joined the Alternative Investment Market in June, reported pre-tax profits of £3.5m for the year to September 30 against a restated £2.6m.

Mr Peter Brown, chairman, said that as a result of acquisitions and growth Dawson was a much larger group, more focused on its core activities.

The shares rose 120p to £10.40.

The Faxon acquisition in the US had been successfully integrated, he said, although losses there, consolidation of the depot network of its associate Surridge Dawson, and interest costs of recent acquisitions had reduced profits.

In electronic publishing, Mr Brown said an Internet publishing kit and subscription service would be available in mid-1996.

Turnover amounted to £331.9m (£131.4m) of which £187.4m came from acquisitions. The final dividend of 20p lifts the total to 30p (29p), payable from earnings per share of 36.1p (32.3p).

## Pragmatist booked to reshape Rexam

Rolf Börjesson, incoming head of the packaging group, talks to Patrick Harverson

Mr Rolf Börjesson, Rexam's newly appointed chief executive, was in a relaxed mood on a visit to London this week, untroubled by his meeting with a dozen analysts.

The printing and packaging group has not been popular in the City lately. After a strong start last year, two profit warnings in the second half wiped 38 per cent off the value of Rexam's shares and left investors reeling. Given the opportunity to meet the incoming chief executive, analysts were looking forward to asking some tough questions.

Mr Börjesson seems to have handled them comfortably. "I was quite impressed by him," said one analyst. "He had an easy manner and enunciated his views on things very well. But he would not be drawn into details, and clearly he can't say anything about Rexam because he does not know anything about Rexam."

The 53-year-old Swede, who for the past eight years has been chief executive of PLM, the Swedish packaging company, agrees that he has a lot of work to do before he takes over in July from Mr David Lyon.

"My first task will be to learn more about the business," he says.

To that end, from April he will join Mr Lyon (who is staying on for a year in a non-executive capacity) on a tour of Rexam's worldwide operations.

Until it is completed, he will not comment on his plans. "It's too early for me to say what I'm going to do. I'm not a believer in early judgements."

Yet it should not take long for Mr Börjesson to work out what the problems are at Rexam, which will report a 20



Rolf Börjesson, who is due to take over in July: 'My first task will be to learn more about the business'

Tony Andrews

per cent drop in profits to about £125m for 1995 in spite of a healthy increase in turnover.

Admittedly, he can do little about the most immediate problem — the shortage of demand caused by heavy destocking, which is affecting the entire packaging and paper industry. Fortunately for the incoming chief executive, the situation may already be easing, as companies have recently reported a slowdown in destocking.

More importantly, Mr Börjesson — aided by the new chairman, Mr Jeremy Lancaster, formerly long-time chairman of the Wolseley building products group — will have to get to grips with some structural problems, such as what to do with the non-core engineering and building businesses. Critics believe Rexam is too broadly spread, operating a range of businesses that generate no obvious synergies.

Mr Börjesson is wary of being drawn on the subject of whether non-core businesses should be sold. He says: "What strikes you when you look at Rexam is that there are certain areas you may think do not belong in the group. But you have to be very careful because they generate a lot of cash. Maybe it is best to keep them."

He will also have to improve the performance of some of the more recently acquired components — such as SCI, the US

coated products company, where margins have failed to meet expectations. As one analyst says: "There are businesses lying around that have to be knitted together better."

While Rexam says Mr Börjesson was hired because of his track record of running international companies, his experience of restructuring is likely to have been a big attraction for a group in need of some reshaping. As Mr Börjesson says: "If you look at my record, I've been turning around businesses for the past 20 years."

At home, the new Rexam chief executive has a reputation as a dynamic performer. A Stockholm-based analyst describes him as "a good leader, very self-confident with strong views".

Last year he was said to have been instrumental in persuading Industriavonden, PLM's owners, not to sell PLM to Ball Corporation of the US for \$14.3bn (£423m). PLM was subsequently floated on the Swedish stock market.

So how does Mr Börjesson see himself? "If I should describe my style it is very straightforward, pragmatic and results-oriented. I'm known to be very slow. I'm known to be rather impatient."

That should please a City

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## Former Manweb chief joins Welsh Water to run Swalec

By Peggy Hollinger

Mr John Roberts, the former chief executive of Manweb who left after the regional electricity company's fiercely contested takeover by Scottish Power, is joining the board of Welsh Water.

Mr Roberts, described by one electricity analyst as "a human face in among all the greyness", has been recruited to run South Wales Electricity should Welsh Water's agreed offer be approved by the government.

Mr Graham Hawker, chief executive of Welsh Water, said Mr Roberts' appointment would answer the market's fears that the water company did not have the expertise to manage water and electricity companies.

Under Mr Roberts, Manweb worked closely with Welsh Water on the savings from merging water and electricity companies.

By George Graham,  
Banking Correspondent

Midland Bank has bought out the remaining 30 per cent stake held by Commercial Union, the composite insurer, in its life assurance subsidiary, Midland Life.

The bank, part of the HSBC group, exercised an option to buy the stake for £50m.

CU initially invested £4m in 1988, when it helped Midland enter the life assurance business almost doubled to £26.2m, while new single premium business rose 6 per cent.

The stake has gradually been reduced from an initial 35 per cent.

Midland Life sells life assurance and pension products through Midland's bank

branches. Its embedded value, which includes net tangible assets, the net present value of policies in force, and the retained surplus in long term assurance funds, is £175m.

Scottish Mutual Assurance, the life assurance subsidiary of Abbey National, said its new business grew 32 per cent last year, despite a downturn in overall UK life and pension market.

Total new annual life and pensions business almost doubled to £26.2m, while new single premium business rose 6 per cent.

Scottish Mutual said its operating expense ratio — total management expenses plus commission in proportion to annualised new business — dropped to 104 per cent, against 125 per cent in 1994.

## Pechiney to sue UCM after acquisition talks fail

By Tim Burt

Universal Ceramic Materials, the ceramic products manufacturer, yesterday said it was being sued for £10m (£2.6m) by Groupe Pechiney following the breakdown of talks with the French aluminium and packaging group.

UCM said it would fight the lawsuit, which was issued after the two companies failed to agree a purchase price for Pechiney Electrometallurgie (PEM), the French company's fused magnesia business.

Pechiney has accused UCM of negotiating in bad faith during

the six-month discussions. Mr Bob Hughes, chief executive of UCM, rejected the claims, saying: "We have incurred considerable costs ourselves during these discussions and we would not have proceeded if we had no intention of acquiring the business."

PEM would have been integrated into UCM's existing magnesia operations had the deal gone ahead.

Mr Hughes declined to say why the talks had failed or how much UCM had offered. It has instructed Birmingham solicitors Edge & Ellison to fight the case.

John Roberts' move will calm fears about lack of expertise

## Disney spends £80m on UK HQ

By Geoff Dyer

Disney, the US entertainment group, is to buy the first phase of the Centre West property development in London for just under 230m from Hypo Bank, the German mortgage bank.

The property has 230,000 sq ft of offices and 100,000 sq ft of shops. Hypo Bank helped finance Centre West and has effective control of its first phase.

Morgan Stanley, the US investment bank, yesterday announced a series of changes to its top management in London as a result of Mr Steven Ward, its co-chief executive for Europe, moving back to the US after a four year tenure.

Mr Ward, the British co-chief executive and head of fixed income in Europe, becomes chief executive while his place as head of fixed income is being taken by Mr Mario Franchetti, who is also British.

Sir David Walker, executive chairman of Morgan Stanley in Europe, said the moves reflected the growth of the firm in London. "We no longer need to have a high-powered American to run the business," he said.

Mr John Stuttski becomes chief operating officer of the

firm's investment banking division in Europe, reporting to Mr Ward. He is to be assisted by Mr Spencer Fleischer, who is appointed head of corporate finance.

Mr John Hepburn, the current head of corporate finance, is to become a vice chairman, concentrating on client relationships. Mr Keith Brown, co-head of research, will head the financial institutions group of the investment banking division.

Bull takes majority in Cara

Bull UK & Ireland, part of the French computer concern Groupe Bull, has acquired a majority shareholding in Cara Group, the Irish Republic's leading independent computer services company.

The deal fits in with Bull's strategy of strengthening its presence in Ireland where Cara has offices in Dublin, Cork and Limerick and employs 250 people.

Cara has focused on computer systems and networks, customer engineering services such as site installation and repair and maintenance, and computer software and services such as payroll processing.

The group is expected to have turnover of about £120m (£31m) in the year to March 31, up from £100m a year ago.

Cara has always seen the benefit each organisation can bring to the other's business.

## BOC directors' bonus schemes 'need reform'

By William Lewis

The remuneration structure for directors of BOC Group comprises a "multiple number of bonus schemes" and should be reformed, according to Pirt, the corporate governance consultancy.

Executive directors and senior directors of the industrial gases concern are eligible to participate in four separate performance-related bonus schemes, including an annual bonus scheme and a share incentive plan.

According to Pirt, which advises institutional shareholders, Mr Richard Giordano, BOC's non-executive chairman, currently stands to make a total of about £16.7m from the incentive plan.

Mr Giordano is retiring as chairman at BOC's annual meeting on Wednesday. The scheme's rules specify that units granted to directors do not have to be forfeited on retirement.

## COMPANIES AND FINANCE

# Argos margins held as Christmas sales rise

By Neil Buckley

Argos, the catalogue retailer, yesterday confirmed that it had enjoyed one of the best Christmas performances of any retailer, with total sales up 14 per cent in the five weeks to Christmas, and like-for-like sales up 8 per cent.

The increase came on top of double-digit Christmas sales growth in each of the two previous years.

Shares in the company closed up 4p at 565p as it said it had maintained gross margins at a "broadly similar level" to those of the same period last year.

This was despite a warning when it launched its autumn/winter catalogue last summer that price reductions on products might squeeze the gross margins.

# Hodder Headline lifts sales but retains caution

By Alice Rawsthorn

Hodder Headline, the book publisher which issued a profit warning last autumn, yesterday announced a 13 per cent sales increase for the final quarter of the year following the collapse of the net book agreement.

Mr Tim Hely Hutchinson, chief executive, said sales had improved in the final quarter when Hodder clinched large orders from the non-traditional book retailers, notably supermarkets, which are aggressively expanding their book activities following the demise of the 56-year-old pact which had prevented the discounting of new books.

## Rhino to suffer after price war

By Peggy Hollinger

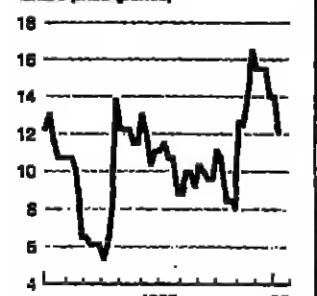
A fierce price war before Christmas has taken its toll on Rhino Group. The recently restructured computer and video games retailer announced yesterday that annual losses would be greater than expected.

The shares edged back 1p to 15p as analysts revised estimates for the year from losses of about 26.7m to almost 28m.

Rhino last year launched two rights issues which has left management control and a 25 per cent stake in the hands of Electronics Boutique, the US video games and software retailer.

### Rhino Group

Share price (pence)



The company has incurred losses for the last two years, although the market had expected it to break even in the second half.

Mr John Steizbrenner, chief executive, said the expectations had been thrown off course by a price war between Virgin Group and the retailer Game, which had knocked about two points off margins in December.

The company had also suffered some stock difficulties after introducing automated replacement systems in the Future Zone stores.

However, he said these problems were now becoming part of the group. The price was appeared to be over and margins had improved by 3-4 points.

Furthermore, like-for-like sales in the three months to the end of December were 4.6 per cent ahead.

The market is still expecting the group to make a marginal profit next year.

### RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends declared	Corresponding dividend	Total for year	Total for year
Dovecon Holdings	Yr to Sept 30 *	331.9 (131.4)	3.5 (4.5)	36.1 (82.3)	20 March 8	15	30	29	
French	Yr to Sept 30	15.6 (15.3)	0.925 (1.1)	4.69 (5.77)	2.175 March 8	2.175	3.625	3.525	
Hi-Tec Sports	6 mths to Oct 31	49.7 (67.3)	0.61 (5.57)	0.27 (14.29)	ns	-	1.8	1.6	
Investment Trusts	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends declared	Corresponding dividend	Total for year	Total for year
xxv Commodities	Yr to Oct 31	104.5 (65.5)	- (-)	8 (-)	-	-	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. \*\*For 15 months. \*Corporates restated. \*Ain stock.

# S&P lowers Kmart debt to junk bond status

By Richard Waters

in New York

Mr Stewart refused to comment on suggestions that Argos might be a bidder for the UK business of Signet, the jeweller, which on Thursday said it was inviting offers for its H Samuel and Ernest Jones chains.

Argos is already the UK's second-largest jeweller, with about 10 per cent of the market, and analysts have speculated it might use its cash pile to bid for both chains, or for H Samuel.

• T.Hughes, the discount department store retailer based in north-west England, said like-for-like sales over Christmas increased, but not by enough to offset a disappointing autumn period.

Margins had also been reduced by intense price competition.

The company, which is attempting to extend \$2.7bn of bank loans, has been beset by rumours that it will be forced to file for protection under Chapter 11 of the US bankruptcy code, a suggestion that Kmart has consistently rebuffed.

S&P said it has lowered the company's senior debt rating to double-B from triple-B, a move which strips the retailer of an investment-grade credit rating.

It also lowered Kmart's commercial paper rating from A2 to B, a move that effectively confirms that the company has been shut out of the short-term debt markets, forcing it to rely for liquidity on its banks.

The retailer's debt rating has been a central issue in the renegotiation process. Its creditors have the right to require early repayment of some \$500m of debt linked to real estate if Kmart's rating falls below a certain level.

Kmart's main bank creditors agreed in principal three weeks ago not to exercise this "put" option, and the company said late on Thursday it had won support from the "required" number of banks to proceed with its debt accord.

S&P called the agreement over the "put" option "a major plus", and said its new rating was based on an assumption that the debt deal would be completed as planned.

It added, though, that the company faced considerable challenges over the next two years, both in implementing its new business strategy and securing adequate liquidity.

Also, it said, the company would soon have to start fresh negotiations with its bankers, since it faced massive debt repayments during 1997.

With information technology sales of £208m last year, marginally down on 1994, when the company benefited from large software orders.

The UK market for electrical engineering and electronics grew by between 5 and 6 per cent last year and should grow by another 6 per cent in 1996, said Mr Gehrels.

Siemens believes its own sales will grow faster than this, particularly after 1997, when its microchip plant in north-east England comes on stream. Mr Gehrels forecasts that turnover will double in the next five years.

Mr Gehrels saw little sign of the slowing in exports reported by other companies. He predicted a 20 per cent increase in exports this year from £267.8m in 1995.

He added that the British government's privatisation policies had contributed to Siemens' growth.

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## WEEK IN THE MARKETS

### Gold price hovers near \$400

The London gold market was in no mood yesterday to withdraw from its siege of resistance at \$400 a troy ounce yesterday, despite suffering an early repulse.

Eager speculators forced a breach on Wednesday, when the price touched \$402 an ounce, but were quickly driven back by profit-taking and producer selling. Attempts to consolidate just short of the resistance level appeared in danger of collapsing yesterday when the price suddenly plunged to \$386, but the speculators were swiftly back into the fray and the London Bullion Market close was at \$389.20, up \$1.30 on the week.

With speculative action not being backed by physical demand for the precious metal some analysts have been sceptical about this week's move. One such was Andy Smith of the Union Bank of Switzerland. Hopes that a move above \$400 would result in a boost as grantors rushed to cover their in-the-money options were misplaced, he said in a market commentary. "The feeling that gold still has one foot in the grave is hard to shake."

The last time gold topped \$400 an ounce was when Sir James Goldsmith and Mr George Soros mounted a concerted and well publicised speculative operation in 1983. But at that time, Mr Smith noted, physical demand had been buoyant.

The oil market's performance this week was in sharp contrast to gold's. As profit-taking revealed little underlying support traders appeared to draw the conclusion that recent strong gains had been overdone. The downturn continued until a fall of 31 cents yesterday left the prompt February crude position on London's International Petroleum Exchange down \$1.41 for the week at \$17.58 a barrel in late trading.

The momentum behind the fall was undermined by the fact that IPE crude turnover on Thursday set a record of 25,659 contracts, 21 per cent above the previous high, which was set in November 1983.

At the London Metal Exchange there were signs of an exchange of roles between copper and aluminium as the former's supply tightness appeared to ease and the latter's deepen.

Cash copper's premium (or "backwardation") over the three months delivery position

LME WAREHOUSE STOCKS (as of Thursday's close) tonnes

Aluminium +8,006 to 620,200

Aluminium slgy -162 to 63,050

Copper +10,650 to 339,675

AlM Official 1415-1420

Kerb close 1415-1420

Open int. 5,000

Total daily turnover 5,000

LME LEAD (5 per tonne)

Closes 682-3 681-5

Previous 685-8 691-5

High/low 770-700 804-5

AM Official 688-700

Kerb close 684-5

Open int. 6,043

Total daily turnover 7,078

LME NICKEL (5 per tonne)

Closes 7580-80 7670-80

High/low 7700-7000

AM Official 7670-80

Kerb close 7670-80

Open int. 40,317

Total daily turnover 7,509

LME TIN (5 per tonne)

Closes 6260-70 6260-70

High/low 6260-70 6260-70

AM Official 6370-70

Kerb close 6260-70

Open int. 15,072

Total daily turnover 1,771

LME ZINC, special high grade (5 per tonne)

Closes 10105-11.5 1023-5

High/low 10105-11.5 1023-5

AM Official 10105-11.5 1023-5

Kerb close 1030-1

Open int. 75,238

Total daily turnover 16,074

LME COPPER, grade A (5 per tonne)

Closes 2567-72 2507-8

Previous 2620-2 2543-5

High/low 2620-2 2543-5

AM Official 2620-2

Kerb close 2558-5

Open int. 170,107

Total daily turnover 63,042

LME CRUDE OIL, IPE (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

LME HIGH GRADE COPPER (COMEX)

Closes 5.65 -0.25 5.65 5.65 5.65

High/low 5.65 -0.25 5.65 5.65 5.65 5.65

AM Official 5.65 -0.25 5.65 5.65 5.65 5.65

Kerb close 5.65 -0.25 5.65 5.65 5.65 5.65

Open int. 170,107

Total daily turnover 63,042

LME LEAD (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

LME LIQUID GOLD (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

LME LIQUID SILVER (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

LME LIQUID TIN (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

LME LIQUID ZINC (5tne/tonne)

Closes 54.19 -0.98 55.00 50.11 43.85

High/low 52.45 -1.44 54.20 51.09 21.00 20.01

AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.00 -0.98 51.00 50.00 20.00 20.00

Open int. 17.00

Total daily turnover 16,074

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Closes 54.19 -0.98 55.00 50.11 43.85

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AM Official 52.45 -1.44 54.20 51.09 21.00 20.01

Kerb close 50.0

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday January 13 1996

## Batting for Tony Blair

A sense of imminent demise hangs heavily over Mr John Major's government, and Baroness Thatcher's abrasive criticisms this week did nothing to dispel that impression. In happier times more Tories might have scoffed at her assault on the government's record in spending and taxation, given that she herself left office without achieving a substantial reduction in the role of public spending. Instead, a large number were shocked at her readiness to speed her own party's decline. If opposition leader Mr Tony Blair has any worries this weekend, they must largely be over his party's readiness for office.

Markets are said to detest uncertainty, and nothing could be a more uncertain prospect than a government that faces two by-elections which could leave it with a majority of one. Yet equities and gilts have seemed surprisingly insouciant over the Tories' plight. Perhaps that is a compliment to Mr Blair's efforts at reassurance. A more hard-headed assessment would be that the uncertainty – or 'directionless failure', in Lady Thatcher's words – has been there for so long that investors can think of no new reasons for panic.

The conventional wisdom about Labour governments and markets is that Labour is bad for gilts and sterling, but sometimes good for equities. Mr Blair has done his best to subvert the logic behind that supposition. So far he has offered few hostages to fortune over public spending. In Tokyo last week he told Japanese business leaders that macroeconomic policy must be kept "tight, disciplined and geared to stability". And his deal with British Telecommunications to wire up the nation's schools, hospitals and libraries suggests a man with a somewhat off-budget vision of the role of the state.

## Deeds, not words

Yet it is not just the nature of the leadership that has changed since Labour left office in 1979. Following the abolition of exchange controls, the penalty for departure from fiscal orthodoxy is more likely to be administered by the markets than the International Monetary Fund. And markets tend to be more interested in deeds than words, whether they come from Lady Thatcher, Mr Major or Mr Blair.

For all Mr Blair's protestations, the one certainty about any future Labour government on fiscal matters is that it will come under even greater pressure over public-sector pay than the Tories. If Labour does win the next election, it will also inherit a public sector

in which pay restraint is close to the limits of tolerance. Equally ominous, much of the parliamentary Labour party has moved in common with old Labour than new. Labour's decision-makers are way in front of their own troops.

On balance, the bond and currency markets may be marginally kinder to Labour than in the past on the basis that the party's head, if not its heart, appears to be in the right place. In gilts, real yields are already relatively high, thus offering a modicum of defensive strength – although it is worth remembering that a similar argument would have lost investors a great deal of money before Labour's return to power in 1974.

## Potential worry

Equities, on the other hand, offer more of a conundrum. Messrs Blair and Brown are less hostile to business than their predecessors. Yet Mr Blair's emphasis on the stakeholder state is potentially worrying for investors.

To the extent that the long-running equity bull market has been built on an increase in the share of profit in gross domestic product at the expense of labour, a commitment to the stakeholder concept might threaten a partial reversal of that shift. Certainly everything that Labour has said about the utilities points in that direction.

At another level, it would be very easy to increase the yield from corporation tax by raising the rate, or to raid the pension funds by cutting the rate of advance corporation tax, which would be a backdoor impost on companies. The party also worries that dividends absorb too much of corporate earnings. Any more fundamental reform of the system could result in lower payouts.

In theory that would scarcely matter, since the investment of higher retained profits today would lead to higher dividends tomorrow. In practice, actuaries focus chiefly on income, rather than capital values, when fixing pension scheme contribution rates. Unless they tailor their assumptions to economic reality, companies might be called on to make bigger contributions to their pension funds to make good the short-term loss of income.

As for hostile takeovers, they could be a casualty of Mr Blair's view of the company as a community. That would take part of the bid premium out of the equity market, while hitting the financial sector. Yet no one knows enough about the Labour leader's vision to understand what it entails. The markets may be taking too much on trust. Only Mr Blair's behaviour under fire would tell them.

## COMMENT &amp; ANALYSIS

## The FT Interview • Rudolph Giuliani

## Reformer in a reluctant city

New York's mayor tells Richard Tomkins and Andrew Gowers how his tough policies have reduced crime and unemployment



has earned a reputation for self-righteousness and intolerance through almost ceaseless confrontations with public officials and others who decline to bend to his will.

If Mr Giuliani has any regrets, however, he is keeping them to himself. Speaking in his office in City Hall, he leaves little doubt that he wants to be remembered as one of New York's great reforming mayors. Significantly – some might say presumptuously – the desk he uses once belonged to Fiorello La Guardia, the Republican mayor of the 1930s and 1940s who is seen as the builder of modern New York.

Relishing his success in beating down crime, Mr Giuliani describes how New York has become a more attractive city since he took office. "There are now 130 to 140 cities that have higher per capita crime rates than New York city. We are the safest large city in America."

And his campaign to improve New Yorkers' quality of life is paying off, he says. "People tell me that some of the public dangers they had to face in the past, like aggressive pan-handling and squeeze operators, seem to be reducing. And they see that the city is getting cleaner."

Mr Giuliani also takes credit for reversing the slide in the city's economy. In the four years before he became mayor, he says, New York city lost about 400,000 jobs. In the two years since, it has gained a net 60,000-70,000 – a slow start, but a positive one. "We retained more business the first year I was in

office than in all the four years before that. And now we are starting to attract business, something the city hasn't done in 50 years," Mr Giuliani says.

The claims are at least partly justified. Most commentators accept that the quality-of-life campaign and the crackdown on crime have made New York safer, and businesses have been further encouraged by the mayor's commitment to reducing spending and taxation.

Other actions have proved more controversial. When Mr Giuliani came to office, New York city was big government epitomised: a heavily taxed, municipal welfare state supporting a vast array of public services. Since then, Mr Giuliani has axed 17,000 municipal jobs, about 8 per cent of the total. Many of those jobs are now filled by the unemployed, for Mr Giuliani has ordered that able-bodied single people on welfare should be required to work for their benefit cheques.

"We now have about 20,000-25,000 people working for New York city in return for welfare payments, and we will be expanding that programme," Mr Giuliani says. "They are cleaning the parks, working for the board of education, or working in the department of transportation. New York city now has the largest welfare programme in the country, and the trend of increasing welfare rolls is reversing."

Cuts in the municipal workforce have been accompanied by the start of a privatisation programme. A

Giuliani forced him out of office. New Yorkers were appalled by the mayor's bullying tactics, and his popularity sank.

Mr Giuliani makes no apologies for the episode. The money that should have been spent on education was being soaked up by the school system's bureaucracy. "That spending is wildly out of control," he says, and he is now seeking state legislation to gain control over it – "very simply, to crush the bureaucracy of the system."

The row was hardly unusual. The sole Republican at the upper levels of the New York city government, Mr Giuliani likes to be seen as setting himself above party politics and fighting for the best interests of New York, whatever the cost. He declines to say whether he will run for re-election: most New Yorkers assume he will, but he hints that he is prepared to put the city's interests above his political future.

"I think a lot of the changes we are making, we are not going to get the credit for. We will get the credit in 10 or 20 years – and that's part of the excitement of it," he says.

"When I ran for mayor of New York city I saw this was a very difficult job, a job that may have no future. But 20 or 30 years from now, if I make the changes that I believe I can make, I will be very proud of it. That's the way I look at it: as something you can look back on when you're 70 or 75 years old, and be very proud that you moved the city in the right direction."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

## Investment inevitably reflects tax advantages

**From Mr Robert Turnbull**  
Sir Lex ("Special dividends", January 10) is much exercised by a tax "loophole" which allows taxpayers in effect to elect for income or capital treatment. May I briefly make the following points in response?

First, a tax system which distinguishes between income and capital gains creates an environment in which taxpayers' investment decisions will, unsurprisingly, reflect that distinction.

Second, and as Lex acknowledges, any distribution paid to a shareholder is subject to advance corporation tax, which gives the shareholder a matching tax credit. But he misses a key point: that the aim of such an "imputation" system is to ensure that only one tier of tax is paid on the company's profits, at the shareholder level and reflecting the shareholder's tax position. The preference of tax-exempt shareholders for an income stream carrying a repayable tax credit again is hardly unexpected.

Finally, and as your accompanying report notes, there are anti-avoidance rules directed at particular transactions or at particular types of taxpayer, such as exempt funds, which may in specific circumstances be precluded from reclaiming the tax credit.

Robert Turnbull,  
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## Europe's carmakers should be pressing for global unification of emissions

**From Mr K.E. Ludvigsen**  
Sir, Experts inside and outside Europe's carmakers are well aware that to improve competitiveness the vehicle companies must improve their economies of scale, a parameter on which they suffer with respect to US and Japanese rivals.

To achieve this the carmakers are reducing numbers of platforms, to make more cars per platform, and striving to increase their absolute volume.

In the latter case, however, Europe's near-saturated markets mean that car exports must be developed strongly. Successful exports in turn call for an ability to meet the most demanding world safety and exhaust emissions

standards. And in Europe should we be satisfied with less?

Yet PSA Peugeot Citroën's Jacques Calvet ("A case for quality control", January 10) argues that we have done enough in Europe to reduce car emissions and should remain indefinitely at the 1996 EU standard quo a level which by no means ensures that all Europe's carmakers will have the ability to compete in the many export markets which intend to reduce car emissions further to 2000 and beyond.

One of the arch-isolationists of Europe's motor industry, especially since PSA's complete withdrawal from the US market, Mr Calvet is recommending that Europe remain a low-tech ghetto in which the

long-term problem of car emissions, especially of smog-generating oxides of nitrogen, remains unsolved.

How much better it would be for Mr Calvet and his colleagues to be arguing for, and implementing, global unification of both test standards and (progressing at different rates) emissions levels for cars.

Or does he still see Europe's unique standards as a valuable non-tariff barrier against those annoying Pacific Rim imports?

K.E. Ludvigsen,  
Chairman,  
Ludvigsen Associates,  
73 Collier Street,  
London N1 9BE, UK

## Protectionism may need to be reconsidered

**From Mr Colin Hines and Mr Tim Lang**

Sir, Martin Wolf is correct ("Path to full employment", January 9) that a substantial increase in poverty and inequality is the future for a more competitive US economy. His assertion that this can be overcome by an acceptable minimum income to those who would then earn low wages suffers from one fundamental flaw. The increasing job insecurity caused by the restructuring needed to compete internationally is resulting in a slowdown in consumer demand in OECD countries. This will reduce the tax revenue needed for his idea to be put into practice.

Automation is now sweeping through manufacturing and services and enhancing

management systems which hasten downsizing. The once-obtainable middle-class goal of a job for life is now a fast-fading memory.

Lowered tariff barriers and cheap labour in Asia and eastern Europe have cut jobs either through competition from imports, or through relocation. Those remaining in jobs frequently have the Damoclean sword of relocation held above their heads to ensure low expectations.

It appears inevitable therefore that demand for housing, cars, white goods, holidays and such will remain flat in all the rich countries. New jobs that cannot be automated or replaced by foreign imports will need to be concentrated in infrastructure renewal and face-to-face caring.

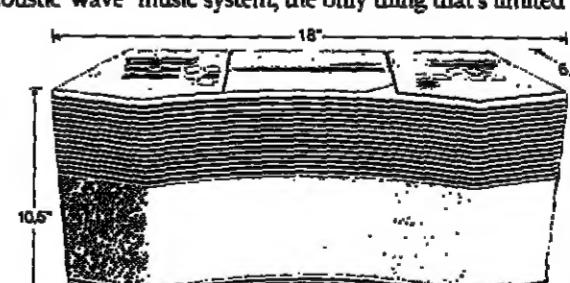
Both require substantial public money and hence taxation, as will Martin Wolf's idea of an adequate social wage to compensate those on low wages. Yet the imperative of globalisation is to reduce taxes.

Perhaps it is time that both he and Labour leader Tony Blair, instead of looking to a future of ever more debilitating international competitiveness, reconsidered the measures that enabled the original "Asian tigers" to build up their economies – some form of protectionism.

Colin Hines,  
Tim Lang,  
11 Park House Gardens,  
East Twickenham,  
Middlesex TW1 2DF,  
UK

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Bose  
Moving through sound

Man in the News · Wataru Kubo

## The dutiful fall guy

Gerard Baker on the sacrifice made by Japan's new finance minister

You'd better find someone who is prepared to die for you. This sobering advice came from one of Mr Ryutaro Hashimoto's closest colleagues last week as the new Japanese prime minister began his search for someone to fill the hot seat at the finance ministry in his new cabinet.

The warning was crisp and to the point. Within weeks the minister would have to steer through a truculent parliament one of the most contentious and unpopular measures ever dreamed up by a Japanese government. He would have the unenviable task of convincing the public and legislators of the wisdom of the government's decision, announced last month, to hand over at least £600m of public money to the country's bankrupt housing loan companies.

Even more important, the minister would have to deflect popular anger about the bailout away from Mr Hashimoto. The failed companies collapsed under a pile of non-performing loans, acquired during the bubble economy of the late 1980s, the period of dizzying increases in asset prices. As finance minister between 1988 and 1991, when risky property-related lending reached its peak, Mr Hashimoto failed to restrain the housing loan companies.

The prime minister desperately needed a man at the finance ministry who would defend his lord from attack like samurai warriors of old. The job specification seemed to call for an experienced oper-

ator from the Liberal Democrats, Mr Hashimoto's own party, who would be willing to sacrifice himself for the greater good of his party.

Mr Wataru Kubo, the man eventually chosen on Thursday, hardly answers to that description. A lifelong member of the Social Democratic party (formerly known as the Socialist party), he has never held government office.

The simple explanation is that no-one else was prepared to do the job. Mr Hashimoto tried unsuccessfully to persuade several senior LDP members to step forward. But it was to no avail – political suicide was not high on their list of new year resolutions, particularly since their party's prospects in the lower house elections, which are due in the next 18 months, have been improving.

So the prime minister turned to the second largest coalition member, the socialists. Some senior had to be found and, as secretary-general of the party, Mr Kubo was the number two to Mr Murayama. Although reported to be reluctant, he was finally persuaded to take the job. A glib-looking Mr Kubo told a puzzled nation late on Thursday: "There was simply no alternative."

What seems to have con-

vinced him was the need to keep the coalition together. Neither side was anxious to face the electorate and both saw a pragmatic alliance as the only way out.

It is all the more astonishing, then, that Mr Kubo should agree to play the role of human shield for Mr Hashimoto – a decision which has provoked bewilderment among politicians and commentators.

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As he got down to work yesterday he was anxious to demonstrate a grasp of the task ahead of him. He said he was well prepared for the job, skillfully deflecting questions on the range of his responsibilities.

He spoke enthusiastically about his longer term aims for the government – the boringly safe subjects of tax reform and changes to the running of the finance ministry. But he knows that his immediate priority is to secure parliamentary approval for the government's plan to bail out the housing loan companies. This promises a few weeks of almost unbearable tension, since the opposition has promised to fight the plan to a standstill if necessary. Even

government supporters are wavering.

Some observers expressed alarm at the new man's appointment. "This is not the time to be choosing someone with absolutely no experience of handling important administrative issues," said one banker in Tokyo. Mr Kubo also has a reputation for indecisiveness, even by Japanese standards, which is increasing nervousness about whether he can manage the job effectively.

If the government were to be defeated on the bailout, the implications for Japan's already troubled financial system could be devastating. The prospects for a resolution to the wider bad debt crisis that afflicts the Japanese banking sector would be engulfed in new uncertainty.

Mr Kubo's inexperience might prove a valuable asset in the weeks ahead, however. It means he cannot be blamed for the past mistakes of government which created the current financial mess.

And his selection may also bring another advantage to Mr Hashimoto's government. For the last year Mr Kubo has been the leading figure in an attempt to reconstruct the Social Democrats as a non-socialist, progressive and reform-

ist party. To achieve that, he has long favoured an alignment with the opposition New Frontier party.

Mr Hashimoto may have seen this as working to his advantage, since Mr Kubo could be the only man in the coalition capable of coaxing the opposition into supporting the government's unpopular measures. Mr Ichiro Ozawa, New Frontier's newly elected leader, has been attempting to woo socialists into his party. If the opposition bloodies Mr Kubo and his colleagues, Mr Ozawa's chances of pulling this off might be diminished.

"The opposition will have much more difficulty attacking Mr Kubo than they would any other finance minister," says Mr Rei Shiratori, of the Japan Institute for Political Studies. "If they do, he will be pushed back into the arms of the LDP."

This characteristically Machiavellian manoeuvre could buy Mr Hashimoto time before he calls a general election later this year. Both the new finance minister and his prime minister will be anxious to delay the election to allow voters to forget the banking crisis and the bailout.

Meanwhile, the relationship between the two men is unlikely to be easy. But they do at least share one passion – an enthusiasm for kendo, the martial art in which the participants bash each other about the head with wooden sticks. If the political heat proves too much over the next few months, they can always relax with a bout or two of their favourite pastime.



Is the future bright for Orange? This is the decision investors will have to make if Orange, the UK telecoms operator which has made mobile telephony and lifestyle synonymous, goes ahead with its flotation this year.

The likely date is March although Hutchison Whampoa, the Hong Kong-based group which holds a majority stake in the company along with British Aerospace, says the date has yet to be fixed and will depend on market sentiment.

The indications are that the flotation, which is likely to value the group at £2.2bn, will be a success. It offers a rare opportunity to invest in a fast-growing market far from maturity.

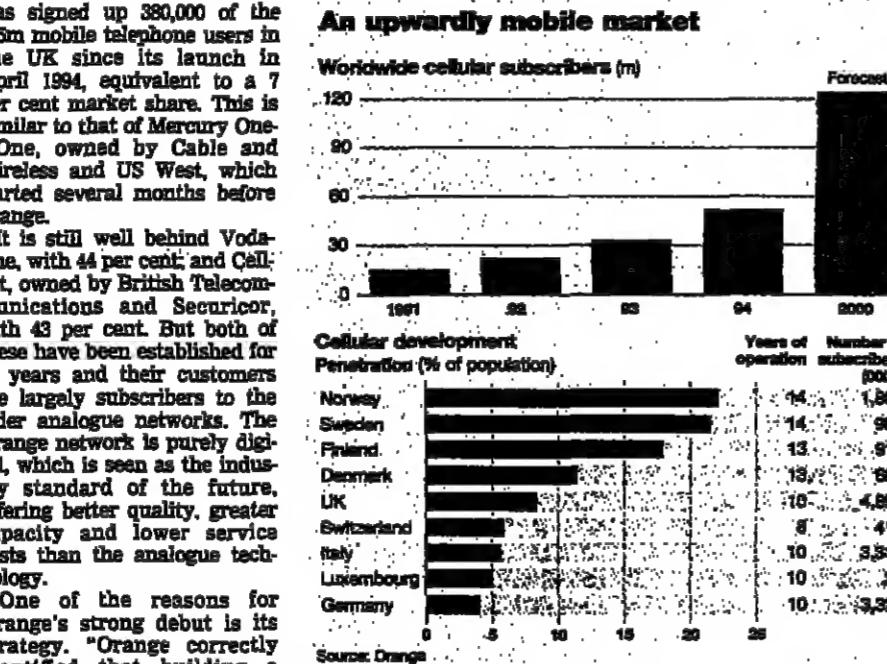
But the nerves of potential investors will not have been soothed by sharp falls in mobile telephone stocks on both sides of the Atlantic. These followed a warning this week from Motorola, the world's largest mobile telephone manufacturer, of slower sales, squeezed margins and falling prices when it reported poor fourth-quarter figures.

The unease in the sector is largely a phenomenon of the US market which remains dominated by older technology. Prices of mobile telephone handsets, in which Motorola is the market leader, are at rock bottom. The move to newer technology depending on computer codes will give a new boost to handset sales and network infrastructure, has yet to gather pace.

But analysts see a bright future for the UK mobile phone sector, which is estimated to grow at 17 per cent a year on average over the next five years. Orange, furthermore, has made a sparkling debut. The newest of the four groups contesting the UK market, it

## Orange pips its rivals with sparkling debut

Despite gloom in the mobile telephony sector, analysts expect the flotation to succeed, say Christopher Price and Alan Cane



has signed up 380,000 of the 5.5m mobile telephone users in the UK since its launch in April 1994, equivalent to a 7 per cent market share. This is similar to that of Mercury One-2-One, owned by Cable and Wireless and US West, which started several months before Orange.

It is still well behind Vodafone, with 44 per cent; and Cellnet, owned by British Telecommunications and Securicor, with 43 per cent. But both of these have been established for 11 years and their customers are largely subscribers to the older analogue networks. The Orange network is purely digital, which is seen as the industry standard of the future, offering better quality, greater capacity and lower service costs than the analogue technology.

One of the reasons for Orange's strong debut is its strategy. "Orange correctly identified that building a national network was the most effective way to compete with the established operators," says Mr James Dodd at Dresdner Kleinwort Benson, the stockbroker.

The Orange network now stretches over 85 per cent of the UK, compared with 88 per cent coverage for Vodafone and Cellnet. Mercury One-2-One, which adopted a strategy of serving the greater London area and expanding from there,

has 40 per cent coverage. Orange has also taken advantage of being able to sell directly to its customers from the outset. Vodafone and Cellnet until recently had to make use of intermediaries – service providers – which the government insisted on to encourage competition when mobile telephony was introduced.

Service providers, such as Talkland and Peoples Phone, "Because of this, we are able to

sell airtime to dealers and customers, arranging their own tariff structures, discounts and special offers. Crucially, it is the service providers who own the customers, not the network operators.

"We are responsible for our customers from end to end," says Mr Graham Howe, finance director of Hutchison Telecom UK, Orange's parent company. "Because of this, we are able to

build a relationship, be responsive and offer a consistency of service." Orange emphasises this by offering a wine club and lifestyle magazine to subscribers in addition to telecommunications services.

Vodafone and Cellnet have already attempted to gain greater control over relations with customers by taking stakes in some service providers. They have also starting their own direct selling services.

Orange claims that its closer relationship with customers contributes to a lower "churn" – the rate at which subscribers fail to renew. Analysts estimate Orange's churn at under 20 per cent against an industry average of about 25 per cent.

But it also argues that its marketing attracts a more mature customer who is prepared to pay the higher cost of a digital telephone to gain the benefits of the network's competitive tariff systems.

Analysts say that Orange's pricing strategy is innovative. It charges customers by the second and bundles guaranteed airtime in with its tariffs. The popularity of this approach with subscribers has prompted Vodafone to introduce similar tariffs for its digital subscribers from this April.

Orange has certainly won a substantial share of the digital market. Although it is the newcomer, it has 26 per cent, com-

pared with about 28 per cent for Vodafone and Mercury One-2-One and 18 per cent for Cellnet. And its figures for December – it attracted 50,000 new subscribers, far in excess of market expectations – show it is continuing to gain market share. The company's weakness is in selling to the medium to large business market, partly because Vodafone and Cellnet can offer subscribers digital sets that can be more widely used abroad.

Vodafone's decision to compete directly with Orange on digital tariffs has raised fears of a price war. However these are dismissed by analysts.

"The prospect of a price war has been threatened since the industry began, but will not happen as long as the market continues to grow at such a fast pace," says Mr James Ross at Hoare Govett.

The stockbroker forecasts the number of UK subscribers will grow to nearly 16m within eight years. It believes that Orange's market share will grow to about 18 per cent with 3m subscribers in that time. It also forecasts that Orange will move into operating profit next year, with pre-tax profits of £200m by 2000 and £224m by 2004.

The most telling statistic, however, is the penetration of cellular telephony in the UK. At about 5 per cent of potential sales, it is far behind the levels seen in Scandinavia and the US. It is also far behind the levels expected of consumer electronic products such as video cassette recorders and personal computers.

There seems little doubt that penetration will increase markedly as prices for handsets and services fall. There is broad agreement that the future for the mobile phone industry in the UK is bright – however much it turns out to be orange.

## New leaf turned over

Alice Rawsthorn explains the effects so far of the demise of the UK's net book agreement

Residents of the quiet Surrey town of Virginia Water will lose one of their oldest local shops this spring when The Bookshop closes after 30 years in business.

Mr Patrick Glasheen, manager of The Bookshop, said the business had suffered over the years as the locals started shopping in larger towns such as Guildford. But the final straw, he said, was a £10,000 (£15,400) fall in takings during November and December when other retailers slashed the price of best-sellers after the net book agreement collapsed.

It is now 100 days since the demise of the agreement, which had prevented retailers from selling new books below the publisher's recommended price since 1990. The Bookshop's fate seems to confirm the worst fears of the agreement's supporters, who argued that it protected independent publishers and booksellers.

Some in the book trade seem sanguine about its collapse. "There has been a lot of discounting, but it hasn't been as aggressive as some people feared," said Mr Alan Giles, managing director of Waterstone's, one of the UK's largest specialist book chains. "And although a few small bookshops have sadly disappeared, we haven't had a disaster."

However, the ending of the agreement has led to significant changes in the book market. Before, the vast majority of books were bought by retailers on a sale-or-return basis and sold to consumers at full price. Booksellers can now charge whatever they like, although in practice discounting is concentrated among big chains such as W.H. Smith, John Menzies, Waterstone's and Dillons, which buy sufficient quantities to negotiate lower prices from publishers; although some small shops are discounting after sourcing books through wholesalers.

Sales of discounted books have been "very positive," according to Ms Cail Rebuck, chairman of Random House, a leading UK publisher. And publishers are having some success in reducing returns from retailers. As a quid pro quo for giving discounts, most publishers now accept returns only after minimum sales have been achieved. With the deeper discounts given on large supermarket orders, they refuse to accept returns.

"Negotiations are tougher," admits Mr Hely Hutchinson of Hodder. "But you're dealing with such huge orders that it's very obvious when you're not going to make money and will have to walk away."

The profitability issue is more daunting for booksellers which have lost a sizeable chunk of best-seller sales to the supermarkets. This could pose a serious problem for chains such as W.H. Smith and John Menzies, which traditionally get a higher proportion of sales from best-sellers than Waterstone's and Dillons.

However, the big chains can at least fight back against the supermarkets by negotiating discounts with publishers. Independent booksellers are too small to clinch such deals and risk the continued loss of their best-seller business, which, in The Bookshop's case, has proved fatal.

Louise Lucas reports on the colony's attempts to restore confidence in its housing market

## Home help for Hong Kong property

The sluggish property market in Hong Kong received a double boost in the last week of 1995: the main banks cut their mortgage rates by 0.25 percentage points and the government relaxed its restriction on pre-sales of uncompleted homes.

Whether the moves will be sufficient to reverse the downward trend of home prices remains to be seen. An upturn in prices was forecast by Hong Kong developers and stockbrokers through much of last year. However Hong Kong must tackle a range of concerns – including poor sentiment and a lack of confidence ahead of the June 1997 handover of sovereignty to China – before Hong Kong home and office prices can return to the heady levels of April 1994.

Developers, many of which felt the impact of the slowing market on their profit and loss sheets last year, have been quick to capitalise on the changes announced at the end of last year. Henderson Land, one of the colony's more aggressive property developers, put up for sale a number of flats in its new Flora Gardens development in the New Territories at a 5 per cent mark-up. Others are set to follow suit. Initial sales of these flats have been less than robust, partly because the period before Chinese New Year falls in mid-February, is usually quiet.

But there are also non-seasonal factors keeping the lid on the market. Apart from the cut in mortgage rates, which brings the

average loan down to 10 or 10.5 per cent, would-be buyers continue to suffer from the requirement to put down a 30 per cent deposit.

Hong Kong banks, encouraged by the government, will lend only 70 per cent of the price of a home in the secondary market. Buyers of new apartments can normally obtain loans for 85 or 90 per cent of the price, thanks to top-up deals put together by developers and banks.

Franklin Lam, a director of research at HG Asia in Hong Kong, notes that the policy of limiting loans, which he reckons is highly unlikely to be relaxed this side of the handover, hits homeowners looking to trade up. Although they have equity in their existing flats and could afford the 30 per cent deposit, owners are unable to find buyers for their flats with the money to do the same.

Poor sentiment is also holding down prices. Last year Hong Kong's unemployment rate rose above 3 per cent for the first time in a decade. The rise conspired with a slowing economy and the looming handover date to force a change in the colony's spending habits, with many preferring to bank their income rather than put it into bricks and mortar.

The handover does a double blow: those staying beyond June 1997 are reluctant buyers, and many residents are expected to leave. Nichols Pang, property analyst at ING Barings Securities (Hong Kong), argues that at most the annual exodus this year and next will reach the peak levels experienced in the aftermath of the Tiananmen Square massacre of June 1989, an annual rate of about 65,000.

Moreover, he points to strong inflows: in 1994 the number of former emigrants returning to the colony was 24 per cent of that year's emigration figure, and Chinese immigrants are coming into Hong Kong at the official rate of 150 a day. Unofficially the level is likely to be higher, with mainland companies that have offices in Hong Kong employing staff from across the border.

Mainland immigrants will be unable to reverse the effect of emigration

by briefcase-wielding Hong Kong residents. Pang says this partly explains the popularity of Kingswood Villas, a mass residential development built by Cheung Kong, the developer controlled by property tycoon Li Ka-shing. A 500 sq ft flat in this New Territories development costs about HK\$130,000, modest by Hong Kong standards.

If demand is stabilising, or even growing, supply is dwindling – a feature of the years to come. In late 1993 Hong Kong property developers began to look across the border for opportunities; after the domestic property market peaked in April 1994, they saw little reason to push ahead with projects in Hong Kong. As a result, supply of homes this year and next will be limited.

But even those reassured by the combination of stable demand and falling supply concede there are a number of wild cards. If China continues its credit squeeze, more companies that rushed to Hong Kong to cash in on the mainland's potential will return home or reduce their operations, cutting back on their need for both office space and luxury apartments.





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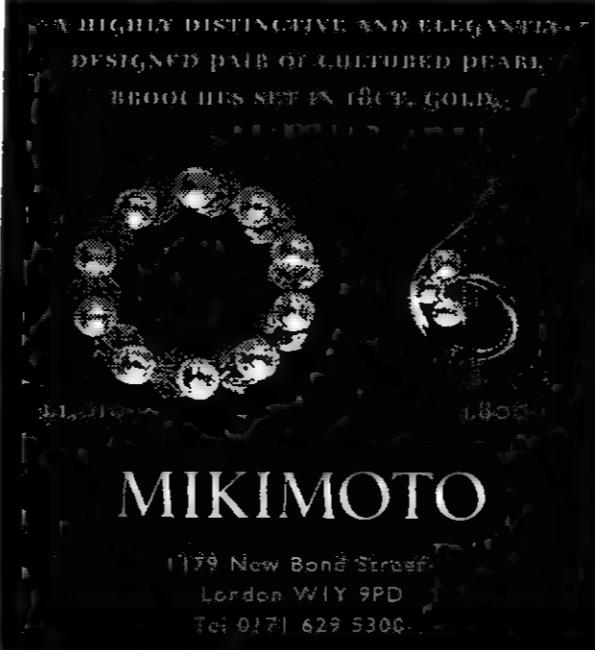





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<b>High Int., West Banking, East</b>					
<b>Current Rate:</b>					
Interest over £1 million	8.16	-	8.05	8.05	8.05
Interest over £2 million	8.26	-	8.25	8.25	8.25
Interest over £3 million	8.36	-	8.35	8.35	8.35
 <b>The COMF Charities Deposit Pass:</b>					
<b>2 Fins Street, London EC2Y 5AQ</b>	<b>0171-509 1815</b>				
<b>Deposit</b>	<b>£ 1.15</b>	<b>-</b>	<b>£ 2.01-3.00</b>		
 <b>Cent. Rd. of Pls. of Church of England:</b>					
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## OFFSHORE AND OVERSEAS

## BERMUDA (SB RECOGNISED)

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Tue 11	1.00	1.00	Wed 12	1.00	1.00
Thu 13	1.00	1.00	Fri 14	1.00	1.00
Sat 15	1.00	1.00	Mon 17	1.00	1.00
Tue 18	1.00	1.00	Wed 19	1.00	1.00
Thu 20	1.00	1.00	Fri 21	1.00	1.00
Sat 22	1.00	1.00	Mon 24	1.00	1.00
Tue 25	1.00	1.00	Wed 26	1.00	1.00
Thu 27	1.00	1.00	Fri 28	1.00	1.00
Sat 29	1.00	1.00	Mon 30	1.00	1.00
Tue 31	1.00	1.00	Wed 01	1.00	1.00
Thu 02	1.00	1.00	Fri 03	1.00	1.00
Sat 04	1.00	1.00	Mon 06	1.00	1.00
Tue 07	1.00	1.00	Wed 08	1.00	1.00
Thu 09	1.00	1.00	Fri 10	1.00	1.00
Sat 11	1.00	1.00	Mon 13	1.00	1.00
Tue 14	1.00	1.			





## AMERICA

# Rollercoaster ride leaves Dow lower

## Wall Street

US shares looked by early afternoon as though they would end a volatile week on a downturn as bonds weakened, writes Lisa Brunster in New York.

The Dow Jones Industrial Average climbed nearly 25 points in the first 15 minutes of trading, before falling into negative territory in the late morning as bond prices declined. By 1pm the index was off 17.35 to 5,047.75. Over the week the Dow had lost nearly 134 points, in spite of gains made on Monday and Thursday.

The Standard & Poor's 500 was 0.22 lower at 569.75 and the American Stock Exchange composite fell 2.97 at 534.13.

## EUROPE

# Big turnover as Frankfurt registers new high

A better dollar for most of the day, and hopes for lower interest rates, took FRANKFURT into new ground, the Dax index closing 22.91 higher at an Ibis-indicated 2,838.99, 1.7 per cent on the week.

Turnover rose from DM9.4bn to DM11.8bn. Cyclicals extended their run, chemicals, car makers, engineering and steels all gaining ground. Siemens, the electronics group, rose DM14.80 to DM81.11 in turnover of DM1.9bn, optimistic ahead of results expected on Tuesday week.

In mixed financials, Commerzbank rose DM4.40 to DM34.90, traders saying that it was less exposed than had been feared to the threat of bankruptcy at the Hamburg real estate business of Mr Hans-Erich Dabelstein; Bayerhypo, another bank linked with the group, said that it faced only limited risk on this score, but eased another 13 pgs to DM4.20.

MADRID saw an earlier than expected quarter point cut in the Bank of Spain's key money market rate, and responded with strong bank and utilities sector share prices as the general index rose 2.31 to 326.68, a fraction higher on the week. Cabinet approval for the fifth

volume on the NYSE came to 228m shares.

Bonds rose in early trading after the Federal Reserve Bank of Philadelphia said that its index of business activity fell to minus 19.9 in December from minus 11.1 in November.

But some investors used the rise in bonds as a selling opportunity, especially at the long end.

Technology shares, which had led the market both ways during some of the week's most volatile sessions, were mostly lower. The Nasdaq composite, which is weighted toward that sector, fell 15.35 to 1,005.56 and the Pacific Stock Exchange technology index shed 1.4 per cent.

Dell Computer lost \$33 or 12 per cent to \$283 on reports that an analyst at Cowen & Co

had cut his fourth quarter earnings estimate on the computer maker by 6 cents to 72 cents a share.

Several other computer companies also lost ground. Gateway 2000 slipped \$1.1% to 151.67 and IBM, which is a component of the Dow, lost \$4 at 88.87.

Kmart fell \$3 or 5 per cent at \$74 after Standard & Poor's reduced the retailer's credit rating from BBB - which is an investment grade rating - to BB, which is two notches below investment grade.

The Student Loan Marketing Association, better known as Sallie Mae, jumped \$3 or 6 per cent to \$88.87 after reporting stronger-than-expected fourth quarter earnings of \$1.67 per share. The earnings report prompted an analyst at Cowen & Co

Barney to raise his 1996 earnings estimate.

## Canada

Toronto turned back from a firm opening to trade lower in midsession. The TSE-300 Composite index was 16.68 lower by noon at 4,764.55, in volume of 37.5m shares.

CFCF, the broadcaster, fell C\$1.1% to C\$14.6 and B shares of Tele-Metropole rose C\$2 to C\$90 after a Quebec court said that CFCF could swap assets for a stake in Tele-Metropole, without having to call a shareholders' meeting.

Alberta Energy slipped C\$1 to C\$22.4 as the company said that it did not know how many shares would be issued following its successful C\$1.1bn take-over of Courest Exploration.

The situation in both SAO PAULO and BUENOS AIRES was positive by late morning.

The Bovespa and Merval indices were both up 1.1 per cent,

gaining \$2.98 at 48,010 and 6,03

at 538.56 respectively.

## Latin America

MEXICO CITY retreated in early trading, dragged down by weakness in Telmex. The IPC index was off 55.70 or 1.8 per cent at 2,941.57 in volume of 8.9m shares.

Telmark A and L shares were the morning's heaviest decliners, both losing more than 2 per cent.

Dealers said the market was also affected by worries that the recent round of interest rate cuts may now have come to an end.

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Indeed Dublin was one of the best performing markets in the EU in 1995. In Europe as a whole, only Switzerland and Sweden fared better. The achievement is all the more striking when you consider that one of Ireland's biggest stocks - Jefferson Smurfit, with its pulp and paper company - had a miserable year.

There will be some foreign fund managers who wonder whether they have missed the boat already. Certainly, Irish stocks no longer look quite so cheap, even with the discounts they once enjoyed over their UK rivals now closing rapidly.

Dealers said that the rise had been prompted by hopes that a centre-right alliance, backed by social democrats, would be formed to deny political power to the winner of December's parliamentary election, the Islamist Welfare Party.

WATSON took profits following a two-way rally. The Wig index fell 0.5 per cent to 9,928.62, turnover fell 12.5 per cent to 123.7m shares.

UBS bearers gained SF1.20 to SF1,320 with investors noting that it was switching from SEC and CS Holdings. One analyst noted that further hostilities between UBS and its largest shareholder, HS Vision, were expected to push the bank's share higher in the run-up to the annual meeting in mid-April.

MILAN put politics aside as if to demonstrate that it had been through government crises before. The Comit index gave up 1.38 to 548.69, down 0.8 per cent on the week, while the real-time Millet index finished the day unchanged at 9,386.

Olivetti, which attracted strong demand on Thursday, gave back L11 to L1,120.

Ferruzzi slipped L1 to L1,020 while its reluctant predator, Mediobanca, was L113 higher at L10,355.

Cap Gemini Soges, the computer consultancy group, soared FFr5.60 or 7.8 per cent to FFr111.70 following its announcement of a FFr1.1bn refinancing measure and clarification of its shareholding structure.

ZURICH pulled up after a week of consolidation. The SMI

index rose 0.8 to 3,222.8, up 2 per cent on the week.

BBC and UBS were among the day's winners. BBC bearers picked up SF1.20 to SF1,410, analysts pointing to a sectoral rotation into cyclical.

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## LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5pm on Thursday and settled through the Stock Exchange Tellerman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

\* Bargains at special prices. # Bargains done the previous day.

### British Funds, etc

Tuesday 14/1/96 20/00/93 (100)

Wednesday 15/1/96 20/00 - 21/01 (100)

### Corporation and County Stocks

London County 2½% Cons Stk 1999 after - 12/27

Brentford District Council 11½% Red Stk 2015 - 12/24

Brent (City of) 11½% Red Stk 2008 - 12/21

Brent (City of) 8½% Lst Stk 2026 - 13/8/95

Brent (City of) 13½% Red Stk 2026 - 13/8/95

Leicester City Council 7½% Lst Stk 2019/Reg - 13/8/95

Saffron (City of) 7½% Lst Stk 2019/Reg - 13/8/95

UK Public Boards

Metropolitan Water Metropolitan Wtr Jnt A Sels 20/02/93 - 27/1

### Foreign Stocks, Bonds, etc (coupons payable in London)

Abovy National Treasury Series PLG 5% Gld Nts 1998 (Fr C Vary - C101/15) 45

Abovy National Treasury Series PLG 6% Gld Nts 1998 (Fr C Vary - C101/15) 45

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Abovy National Treasury Series PLG 6% Gld Nts 1998 (Fr C V



## LONDON SHARE SERVICE

## ALCOHOLIC BEVERAGES

Admiral Distillers	100
Anglo American Distillers	100
Anglo-Dutch Distillers	100
Anglo-Dutch Distillers	100
Anglo-Dutch Distillers	100

## BANKS, MERCHANT

Banks for Credit Ltd	100

## BANKS, RETAIL

Barclays Bank Plc	100

## BREWERY, PUBS &amp; REST

Brasserie du Roy	100

## BUILDING &amp; CONSTRUCTION

ABF Industries	100

## BUILDING MATS. &amp; MERCHANTS

Abingdon Building Mats	100

## CHEMICALS

Academy Chemicals	100

## DISTRIBUTORS

Adams & Co	100

## ELECTRICITY

Aeroflot	100

## DIVERSIFIED INDUSTRIALS

Aerospace Corp	100

## ELECTRICITY

Aeroflot	100

## ELECTRONIC &amp; ELECTRICAL EQPT

Alcatel	100

## EXTRACTIVE INDUSTRIES

Alcan	100

## ELECTRONIC &amp; ELECTRICAL EQPT - Cont.

Alcatel	100

## ENGINEERING

Alcatel	100

## GAS DISTRIBUTION

Alcatel	100

## FOOD PRODUCERS

Alcan	100

## HEALTH CARE

Alcan	100

## HOUSEHOLD GOODS

Alcan	100

## INVESTMENT TRUSTS

Alcan	100





# FINANCIAL TIMES

Weekend January 13/January 14 1996



## US Republican hopefuls line up for first battle

Patti Waldmeir reports from Iowa on start of race for White House

The nine men who aspire to be Republican candidate for the US presidency were heading last night to the centre of the nation for the first big step-piece event of the 1996 campaign: a nationally televised debate.

They are going to Des Moines, Iowa, a city of straight clean streets and Midwest rectitude, to woo 100,000 of the most important Republican voters. Those are the registered members of the Iowa Republican party who are set to turn out on February 12 for the state's party presidential caucus.

On that day, registered Republicans will gather in schools, public buildings and private homes to cast votes in straw polls which will do much to determine the course of the 1996 Republican campaign.

Iowans call it "winnowing": the process by which their state caucuses – traditionally the first in the nation – thin out the field of presidential contenders. Iowa will not be first this year; Louisiana has staked that honour. But state Republicans have made sure that does not matter.

Mr Steve Forbes, the donnish, wealthy publisher of Forbes magazine, with 12 per cent. His proposal for a flat, 17 per cent rate of income tax has clearly caught public attention in a field distinguished by its mediocrity.

But public opinion is not causus opinion: there are 2.8m people in Iowa but few have the commitment of caucus-goers.

Some of the most enthusiastic caucus-goers could turn out to support more radical candidates than Mr Dole and Mr Forbes. They might choose Mr Pat Buchanan, with his message of eco-

nomic nationalism and social ultra-conservatism; economic conservative Senator Phil Gramm of Texas; former Governor Lamar Alexander of Tennessee; or black conservative Mr Alan Keyes.

Mr Dole is expected to come first in Iowa, not least because the caucus system rewards good organisation. The real race will be second and third place on the principle that those who finish below third in Iowa will never make it to the national poll.

The battle for second begins today when eight almost indistinguishable candidates face the front-runner in a national debate.

Mr Dole cannot win the debate, but he can certainly lose it. Each of the other eight, who also include Senator Richard Lugar of Indiana, Mr Robert Dornan of California and Michigan industrialist Mr Morris Taylor, will try to ensure he does just that.

See Lex

## New Japanese premier snubs call for early general election

By William Dewsberry in Tokyo

Mr Ryutaro Hashimoto, Japan's new prime minister, yesterday ignored calls for an early general election and said his government would concentrate on enacting this year's budget, resolving the banking system's problems, and economic recovery.

Mr Hashimoto promised "drastic change" to the political, bureaucratic and economic systems "which have sustained Japan for the past 50 years", without specifying what he had in mind.

With this important agenda, he felt justified in not calling an early general election, despite widespread media condemnation of the manner in which power was transferred to the conservative Mr Hashimoto after last week's resignation of the socialist Mr Tomiochi Murayama.

The new leader was chosen by parliamentary vote on Thursday, in the third change of govern-

ment since the Liberal Democratic party, of which Mr Hashimoto is president, was thrown out of power in a general election in 1993.

The Nihon Keizai Shinbun, the leading economic daily, yesterday described the transition as "prosaic", while the Yomiuri Shinbun, the largest circulation paper in Japan, said the government would not increase sales tax, now at 3 per cent, to more than the 5 per cent planned for April next year.

In other policy areas, Mr Hashimoto promised government as normal in his first day as leader.

He telephoned Mr Bill Clinton to assure the US president he would do his best to improve relations with the US and to say he would welcome Mr Clinton's visit to Japan in April. This will confirm the assumption in Washington that, despite Mr Hashimoto's toughness in trade disputes with the US, he remains loyal to their alliance, the basis of both sides' foreign policies.

Mr Seiroku Kaitaya, who as chief cabinet secretary is the power behind Mr Hashimoto's throne, said the plan must be put through parliament quickly in

see it upset financial markets.

The new finance minister, Mr Wataru Kubo, a socialist, yesterday confirmed his support for the housing loan plan. But he reminded the LDP of his party's other financial concerns by expressing hope that the government would not increase sales tax, now at 3 per cent, to more than the 5 per cent planned for April next year.

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Mr Major – reported by aides to be privately "frigid" – said: "I will not be pushed off what I believe to be right."

Crown prince flounders, Page 4  
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## Spain to cut Repsol holding

Continued from Page 1

this year from Repsol's gas and chemical operations offset reduced margins from its refining unit and underlined the strength of the group's diversified business.

The sale will provide a welcome injection of funds for the government which has set itself an ambitious deficit-reducing target this year to meet European Monetary Union conver-

gence targets. Under a new privatisation law, the state will maintain an effective "golden share" in Repsol although its stake in the group will be reduced to 10 per cent.

According to current legislation, government approval will be required by Repsol should it wish to take important strategic decisions, such as those on the lines of British Petroleum's recently announced plan to reduce its refining capacity.

Representatives of the French Federation of Insurance Companies and directors of several of

the largest groups are expected to hold a final meeting later this month with officials from the National Federation of the Unions of General Insurance Agents.

They are expected to approve widespread changes to the laws governing relations between the general agents and the insurers, which are still dictated by laws passed in 1949 and 1950.

The proposals include lifting nearly all legal constraints.

## French insurance shake-up

Continued from Page 1

have become increasingly concerned about the cost of this distribution network, and are looking at cheaper methods, such as telephone sales or through alliances with banks. These factors have already helped cut the number of agents from 22,800 to 10,000 years ago.

Representatives of the French Federation of Insurance Companies and directors of several of

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The proposals include lifting nearly all legal constraints.

## Europe today

Depressions over the Atlantic will cause unsettled conditions in Norway, the British Isles and Portugal. The south-west coasts of Ireland and Norway will have gale force south to south-east winds with cloud and rain. Central Scandinavia will have snow. The north-western UK and Scotland will be partly cloudy with showers. High pressure over Russia will keep the continent mainly dry with sunny periods as well as fog patches. Some rain is expected in south-eastern France and the southern Alps. The Mediterranean will continue unsettled with showers in the Balearics, Corsica, Sardinia, Sicily and the Greek Isles. The south-east coast of Spain and Italy will be dry with sunny periods.

### Five-day forecast

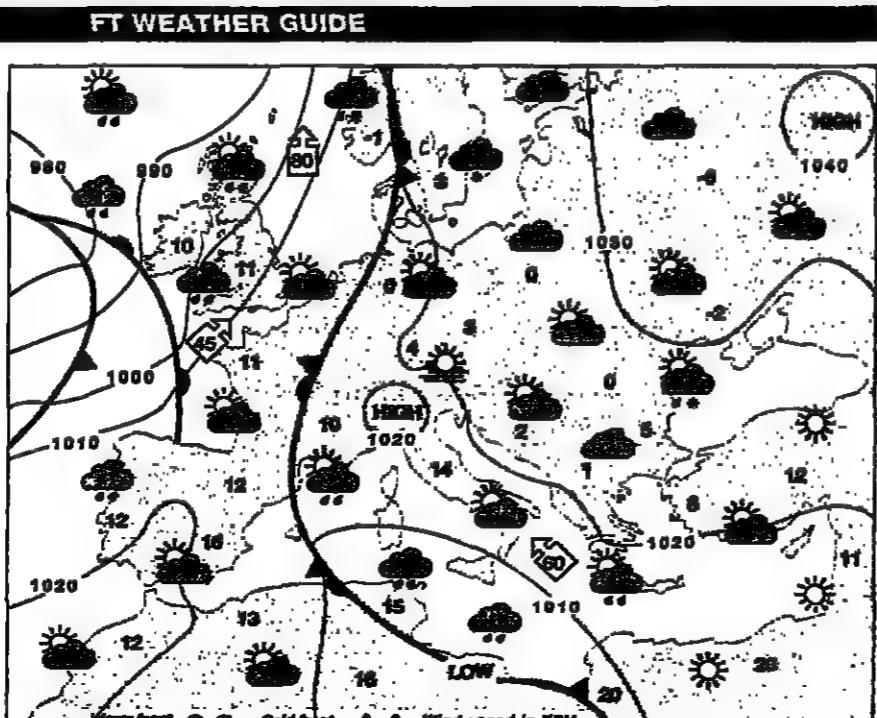
A strong high pressure area over Russia will move slowly towards the Baltic states bringing colder and dry conditions to most of the continent. The eastern part of the Mediterranean will continue unsettled. Depressions over the Atlantic will influence Portugal, Ireland and the western UK. It will be windy with a lot of rain, especially in Portugal, but conditions will become fair and settled after the weekend. Russia will remain calm and dry. Temperatures will gradually fall below freezing.

### TODAY'S TEMPERATURES

	Maximum	Minimum	Clouds	Rain	Wind
Abu Dhabi	fair	22	Balgade	fair	10
Acra	cloudy	32	Berlin	fair	10
Algiers	shower	15	Bermuda	rain	24
Amsterdam	fair	10	Bogota	sun	20
Atlanta	sun	11	Bombay	sun	31
B. Aires	cloudy	22	Budapest	fair	9
B. Jem	shower	10	Chagres	fair	3
Bangkok	fair	30	Christiansburg	fair	19
Barcelona	shower	14	Cape Town	sun	27
Buenos Aires	fair	22	Edinburgh	shower	10
Cairo	fair	22	Erlangen	fair	10
Caracas	fair	22	Erkoreka	fair	10
Edmonton	fair	22	Funchal	fair	10
Gainesville	fair	22	Gibraltar	fair	10
Glasgow	fair	10	Glasgow	shower	10
Helsinki	snow	-2	Helsinki	snow	18
Hong Kong	cloudy	21	Honolulu	fair	10
Iceland	cloudy	10	India	fair	10
Jersey	fair	13	Indonesia	cloudy	10
Karachi	fair	25	Jerusalem	fair	10
Kuwait	sun	16	Kiev	fair	10
L. Angeles	sun	24	Lisbon	fair	15
Lima	cloudy	18	London	fair	11
Lisbon	rain	15	London	fair	11
Luxembourg	fair	6	Los Angeles	fair	10
Lyon	cloudy	10	Madrid	fair	10
Madrid	shower	20	Makassar	fair	10
Milan	fair	10	Mexico City	fair	10
Munich	fair	10	Milan	fair	10
Nantes	fair	10	Montevideo	fair	10
Near front			Nicosia	fair	10
Cold front			Norfolk	fair	10
Wind speed in KM/H			Oslo	fair	10

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	Paris	Prague	Rome	Stockholm	Turin	Vilnius
Paris	shower	sun	30	cloudy	18	Rain
Prague	fair	10	10	shower	15	Rain
Rome	cloudy	17	5	rain	20	Rain
Stockholm	fair	6	5	shower	10	Rain
Turin	fair	10	10	cloudy	15	Rain
Vilnius	fair	10	10	sun	15	Rain

## THE LEX COLUMN

### Democratic process

From no-hoper to clear favourite, President Bill Clinton has once again justified his tag as "the Comeback Kid". His poll ratings may have slipped a little recently but he still looks odds-on to beat the likely Republican candidate, Senator Bob Dole, in this year's race for the White House.

That is not in itself bad news for US financial markets. Although they would traditionally prefer a Republican, like Mr Clinton, his rival, Senator Bob Dole, is a pragmatist rather than an ideologue.

Mr Dole is expected to come first in Iowa, not least because the caucus system rewards good organisation. The real race will be second and third place on the principle that those who finish below third in Iowa will never make it to the national poll.

In an effort to reassure left-wingers that he would not heed Lady Thatcher's call for a move to the right, the UK prime minister said his party had been a one nation party "since the beginning of time".

Senior cabinet ministers, led by Mr Michael Heseltine, the deputy prime minister, also mounted a damage limitation exercise, insisting that Lady Thatcher's blunt speech was primarily an attack on Mr Tony Blair, leader of the Labour opposition.

But their words did nothing to stop another round of recriminations as pro-European Tories lined up to pour scorn on the former prime minister.

Lady Thatcher's assertion on Thursday night that "one nation" Conservatives were "no nation" Tories – because of their enthusiasm for Euro-federalism – drove a wedge through the heart of the party. Lord Howe, a former deputy prime minister to Lady Thatcher, said it was her deep hostility to Europe which led to her damaging dismissal of the one nation purpose.

"One nation Tories are not

#### FT-SE Eurotrack 200:

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1602.6 (-13.1)

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# Weekend FT

Getting to the truth behind the sale of arms to Iraq is a difficult task. Max Wilkinson considers new revelations

**O**n March 22 1990, Chris Gumbley, who had just lost his job as chief executive of Astra, the former British arms company, caught a flight to Brussels to try to obtain a special kind of insurance.

He hoped that Gerald Bull, founder of the Space Research Corporation and inventor of Iraq's "supergun", could give him information so sensitive that the British police would be forced to call off investigations into him.

An hour after their meeting, Bull was dead, shot from behind with a 7.65mm silenced pistol.

Whatever Gumbley learned did him no good. The former army corporal with a liking for Rolls-Royces was arrested two weeks later, charged with bribing a civil servant and sentenced to nine months in prison.

A few days before Gumbley's arrest, Jonathan Moyle, a 28-year-old British journalist chasing a story of illegal British arms exports, was found hanging by his shirt from a clothes rail in a Santiago hotel.

The thread which linked these events was the huge trade in illegal armaments from the US and the UK to Iraq during the 1980s encouraged by secret agents and tacitly accepted by at least some government officials. Attitudes reversed sharply, however, at the end of the decade when it became clear that Saddam Hussein, Iraq's dictator, was not the ally the west had hoped, and especially when the arms, which the west had so assiduously sold to Saddam, were used against British and American troops in the Gulf war.

Saddam was then trying to manufacture five of Bull's 1,000mm guns. These were to be capable of firing nuclear warheads or poison gas shells a distance of 700km. The gun barrel was being made by Sheffield Forgemasters - which was told that the tubes were for a refinery.

Gumbley knew the name of the Belgian company which was to supply the special explosive or "propellant" for this gun. He wanted Bull to confirm whether British undercover agents had helped set up the illegal contract.

Because Bull was working for Iraq, the Israeli secret service was widely blamed for his murder. But a new book by Gerald James, former chairman of Astra, and close colleague of Gumbley, suggests quite another motive - that Bull knew too much.

A year later, the former deputy prime minister of Belgium, Andre Cools, was killed by five



Markings on a box of mortar bombs, photographed in an Iraqi gun position during the Gulf war, show an illegal export to Iraq from Royal Ordnance, then owned by the UK government. Picture taken by Christian James, son of Gerald, while serving in the Gulf as a soldier

## Dead men don't testify

bullets as he opened his car door. Cools had been asked by the Belgian government to investigate the sale by Société Générale de Belgique (SGB) of its explosives manufacturing subsidiary, Poudrières Réunies de Belgique (PRB), to James and Gumbley's company, Astra.

Now, PRB was the company supplying propellant for Saddam's supergun, as James and Gumbley discovered to their horror when they took control. They also found other illegal deals and that the profits they hoped for from their new subsidiary were evaporating.

They reported this to the British Ministry of Defence. James was repeatedly grilled by a secret services officer called Roger Holdness as to how much he knew about the supergun project. Then, to his

astonishment, James was told to make the first shipment of propellant.

However, someone, somewhere appears to have decided to intervene more directly. A month later, on December 5 1989, an explosion in PRB's Kauville plant destroyed the press that was making propellant for the supergun. No one was hurt.

Sabotage? Connected with the murders? There simply is no evidence.

James's claims of widespread corruption in the British arms industry, involving the secret services at all levels and officials helping companies to bend the export rules, has been sifted by Lord Justice Scott for his Arms-for-Iraq report, expected in the next few weeks.

Some people dismiss James as an embittered man with a

grudge against the authorities. His book certainly shows him to be prone to conspiracy theories, absurd political ideas and over-generalisations.

But he also has an accountant's eye for detail, and, when speaking from direct experience, his evidence to the Parliamentary Trade and Industry Select Committee (which reported in March 1992) has generally proved robust.

And there were at least three murders: four, if he is right that Stephen Milligan's death in 1994 was not, as was generally believed, the result of a bizarre sexual practice. James thinks that the MP, who had worked for the Ministry of Defence, was killed after discovering too much about corruption in the arms industry.

Be that as it may, Jonathan Moyle was killed (also by

bizarre means) the day after interviewing Carlos Cardoen, the Chilean arms dealer, about the sale of 60 Bell helicopters to Iraq. Moyle thought these craft were to be fitted with Helios electronic guidance systems, exported illegally from Britain.

James describes how two other Britons who were giving him sensitive information died suddenly. There is no evidence that either was murdered.

Even so, their stories are disturbing. Both relate to a period in which James was coming into increasing conflict with the arms establishment, controlled, he believed, by government agencies on both sides of the Atlantic. These shadowy forces had been especially kind to Astra at first when James

and his colleagues bought a small firework company and diversified into military explosives. In the early 1980s, as the Iran-Iraq war got under way, Astra was steered as if by an invisible hand.

As government business flowed in, Astra was deftly guided to acquire the US businesses which could make the goods. James says: "I couldn't understand why such a close interest was taken in us..."

Later, he says he found there was a sinister price for this help; through its US subsidiary, Astra was being used as a conduit for the illegal export of equipment, ostensibly to China but really to Iraq, with the approval of the US authorities. He became nervous, but decided to do whatever the authorities asked.

Something similar happened a year later when Astra bought BMarc, a former British subsidiary of Oerlikon Bührle of Switzerland. He made the purchase on the understanding from the MoD that Astra would be able to compete for British arms and ammunition orders. But after the deal, he discovered that the MoD had signed a secret agreement (EPMROP) to give a five-year monopoly to

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Joe Rogaly

## The White Tribe's sunset

Death. It is only nature's way of curbing a dominant species

each child are thus exactly replaced.

Most European countries score less than two. Italy (1.3) and Spain (1.2) are among the least fecund. Clearly the Roman Catholic women of southern Europe praise the Pope and swallow the pill. Even Ireland (2.1) is barely above replacement rate. As to northern Europe, Germany is at 1.3, France 1.7, the UK 1.8. What you ask, about the east? Russia comes in at 1.5, Poland 1.9, Hungary 1.7...

Canada is in the same league, but the US, which scores level with Ireland, needs some explanation. Its total fertility rate includes the explosive growth of some of its ethnic minority populations. In California "Anglos" will soon be one among many minority groups; in the 21st century the same may be true of the whole US.

There are, of course, complexities. In most of the countries I have mentioned the age at which women parturite is changing. In the UK, for example, they are now more likely to become mothers in their early 30s than their early 20s. This alters everything. When

Margaret Thatcher came to power in 1979 the birth rate for the 20 to 24 age group was half again as high as for 30 to 34-year-olds. Europe's population may yet be preserved by a 30-something baby boom, may not?

We shall believe that when we see it. Women are putting off having babies because they are going out to work. Many couples prefer to spend their earnings on goods and services, which they cannot do if their cash flow is used up by newly arrived little consumers. Not all feel this way: an earlier peak in births should produce a rise in the workload of British midwives this year. I shall not allow such an inconvenience to spoil my argument. Call it a blip.

To focus on the long run totals you must allow for the death rate. This clearly varies by country. In Britain deaths are not expected to exceed births for another quarter of a century. Thus the UK population is expected to rise from its present 58m to 62m in 2027, then fall steadily. The continental expectation is more dramatic. Within the coming century, one report suggests,

there may be hardly any families left.

This is not due to any quirk of national character. Human reproduction appears to be determined more by economics than nationality. Total fertility rates below replacement level are to be found in Japan (1.5 births per woman), south

Clearly, Gaia, the earth-mother, moves in mysterious ways

Korea and Singapore (both a mere 1.7).

Clearly, Gaia, the earth-mother, moves in mysterious ways. The penalty for becoming an over-developed mega-industrialised state may be national extinction. I have until now believed that this would be the consequence of emission of noxious fumes and the killing effect of urban stress. Simple contraception may be quite as effective.

China is trying hard to join this race to self-destruction.

The World Bank records its projected births per woman at two, or just-replacement level. This has been forced on the population by a harsh anti-national strategy, made particularly cruel by a rural tradition of female infanticide. The destruction of girls can now be "scientific" - by abortion, following sexing tests. The scenes on British television this week, showing Chinese babies left to die in orphanages, magnify the horror.

India also harbours girl-child murderers, but there the resemblance ends. It lacks the ruthless efficiency of its communist rival. Its total fertility rate is down, but only to 3.7 births per woman. In consequence, the sub-continent's population is still growing too rapidly, although not so fast as in Africa and some Middle Eastern countries.

It is the high fertility rates in these regions, plus parts of Latin America, that leads demographers to project a possible doubling of the present global population of 5.75bn by the year 2050. The total is even now growing at the rate of

100m a year.

We cannot easily comprehend the consequences of such an overrunning of our planet by poor people who want to get richer. Werner Forstner, president of the Population Institute in Washington DC, argues that the human need for resources degrades the environment. "Our forests are declining; topsoil is eroding; deserts are expanding; the planet is growing warmer; and the ozone layer... is thinning," he reminds us in a paper published between Christmas and New Year's day.

There is supposed to be a 20-year plan, led by the UN, to stabilise population growth, as set out in Cairo in September 1994. Guess how many of the 179 governments represented there are vigorously implementing the measures agreed then? Do not count on the US, where funding for the UN family planning association may be cut as part of the budget settlement between Congress and the White House. World Bank and UN programmes may help, but in reality the human animal is like any other. If a species becomes dominant, Nature destroys it.

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want to see above ground.

## PERSPECTIVES

**M**anufacturing has made progress during the 20th century mainly by machining man-made materials - metal alloys, semiconductors, plastics, composites and so on - into ever more complex structures, from silicon chips to medical implants, super-computers to aero-engines.

The 21st century, however, is likely to see a return to nature, as materials scientists look for ways around the constraints imposed by conventional manufacturing, particularly its inability to make ultra-miniature devices.

The catch-phrase for the future will be "self assembly" - mimicking nature's way of organising molecular mixtures into intricate structures.

Recently, scientists have taken the first steps towards reproducing some of the most exquisite patterns in the natural world: the mineral skeletons or shells of marine micro-organisms.

These beautiful creatures - radio-

larians, diatoms, coccolithophores and others - come in various shapes, but typical is a delicate three-dimensional pattern of holes and spikes constructed in the overall conformation of a hollow sphere.

Two research groups, one at Bath University in England and the other at the University of Toronto in Canada, have reported successful experiments. Both imitated nature's approach, in which organic molecules act as a microscope template around which the mineral structure can form.

Stephen Mann and Dominic Walsh at Bath used a rather complex chemical procedure to make hollow shells of calcium carbonate,

about one micron (thousandth of a millimetre) across. Under a microscope their intricate crystalline structure is almost indistinguishable from the shell of a marine alga called *Thiomargarita*.

Mann and Walsh crystallised their shells from an emulsion of tiny oil droplets in a supersaturated solution of calcium bicarbonate. But their procedure does not quite qualify as self-assembly, because they had to add microscopic polystyrene beads to the mixture. These provided the shells with a solid core, which they then dissolved away with a solvent.

Geoffrey Ozin and colleagues at

Toronto have come closer to the goal of self-assembly. Their alumino-phosphate spheres have surface patterns - arrays of discs, pores and bowls - that are uncannily similar to those on the silica skeletons of *radiolaria*.

Yet Philip Ball, associate editor of *Nature*, the journal that published the Toronto scientists' first paper in November, observes that their results could justifiably be called "cheat chemistry". They simply heated, dried and crystallised a mixture of inorganic and organic chemicals.

How do the patterns arise?

Although the mechanism remains speculative, Ozin believes the mixture assembles itself into an over-

lapping array of tiny bubbles or vesicles, on to which the alumino-phosphate mineral is deposited.

By observing the formation of artificial shells and skeletons, the researchers will help biologists to understand better how their natural equivalents grow - and why they are so strong and durable. But the main reason for carrying out the research is to develop new materials for the future.

The range of practical applications is vast. In medicine, for example, it may be possible to growapatite, the mineral of human bone, in a way that matches the strength and structure of real bone better than any of the bone substitutes

now on the market.

Alternatively the artificial shells, with their microscopic pores, could be developed into excellent "molecular sieves". They could filter extremely fine particles - even viruses or bacteria - out of water.

The first generation of Bath spheres would function better as fine sieves than their Toronto counterparts because their pores are more even in size. But both groups are still near the beginning of their investigations. They expect soon to learn how to control the size and shape of their creations.

Although the discoveries at Bath and Toronto have excited particular attention recently, many other

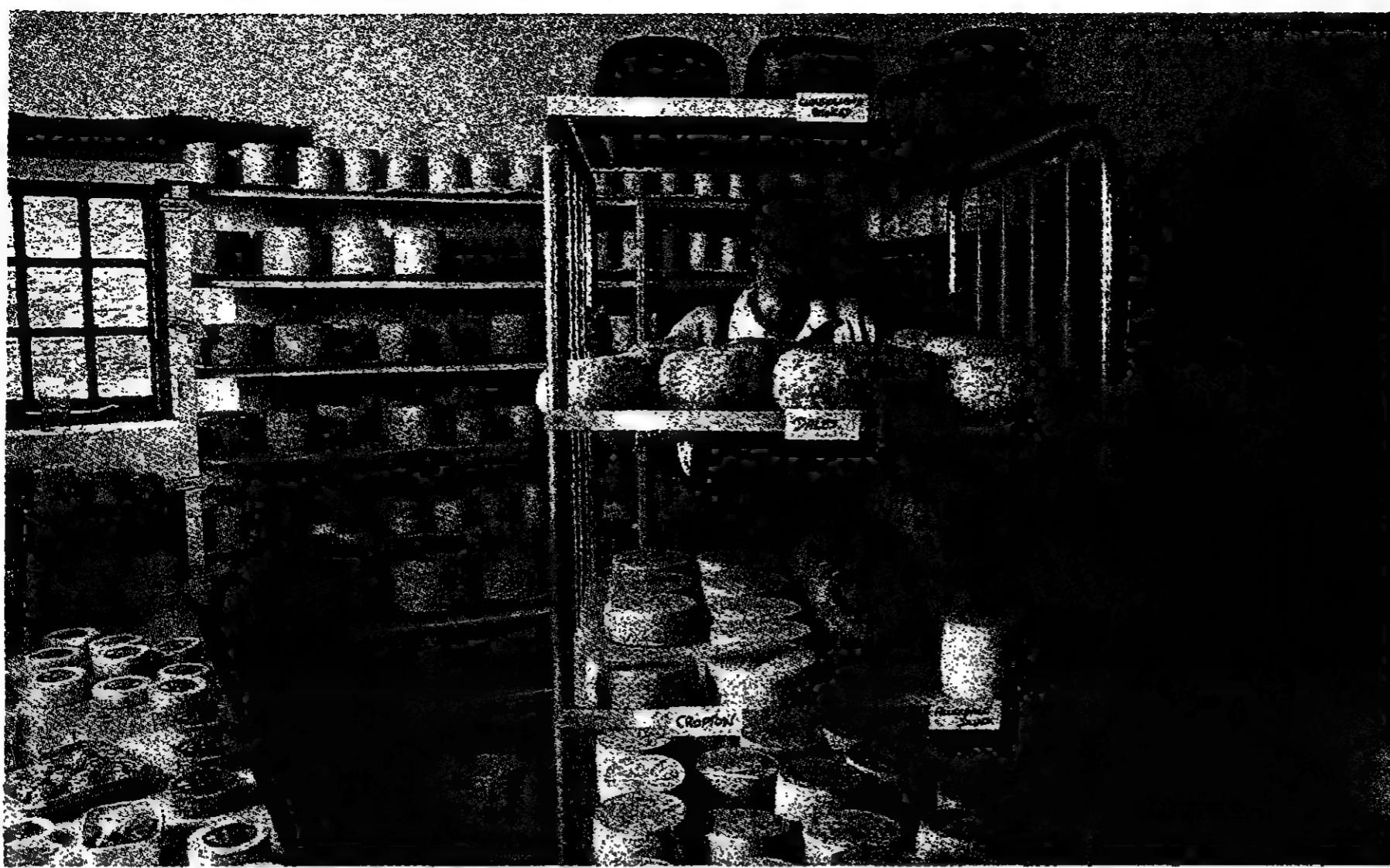
research teams are doing related work.

At one extreme are oil and chemical companies such as Mobil and Du Pont, whose scientists have pioneered the development of artificial minerals called zeolites. Their structures are riddled with tiny holes that are well suited to catalyse chemical reactions.

On the other hand, pharmaceutical researchers are keen on fatty spheres called liposomes which can carry drugs through the blood.

But potentially the most valuable applications of self-assembly are in microelectronics, where some of the techniques used to lay down nano-scale components or etch ever finer circuits are reaching their technical and financial limits.

Instead of spending hundreds of millions of pounds on equipment for exotic procedures such as molecular beam epitaxy and X-ray lithography, chip manufacturers may eventually be able to grow semiconductors cheaply from self-assembling mixtures of chemicals.



Carolyn Fairbairn: 'When the van broke down and needed £1,000 worth of repairs, Midland bank was not too happy'

## The peaks and troughs of holidays

Turnover of Yorkshire-based Drystone is climbing, reports Suzanne Askham

A walk through the English countryside seemed an obvious small business opportunity to German-born Astrid Nitszche. So 15 months ago she set up Drystone Holidays, which offers walking tours through Yorkshire's hills and dales.

As yet Drystone is barely profit-making - turnover this year will be around £15,000. Nitszche's business plan turned out to be wildly out when it came to targeting clients. But she believes the long-term potential is good because the market has scarcely been tapped.

"People are not used to the idea of buying a walking holiday in Britain," she explains. "So a lot of my effort has to go into establishing the concept and presenting it in a form that is attractive and reassuringly professional. Nitszche has relevant experience. With an MA in European Studies, she worked for several holiday companies, including one which organises walking and cycling tours through France. Before that she also spent some time at Yorkshire TV, where she hosted programmes, and thus budgetary constraints.

"All the time I was working for other people, I kept thinking, 'I should be doing this for myself,'" she says. So, in 1988, she began to research the possibilities, and began trading in August 1989.

Her start-up capital was £5,000. Of this £1,500 was an interest-free loan from the Prince's Youth Trust, and £200 from the county council. The rest came from her savings. Her biggest single start-up expense, apart from basic office equipment, was the production of a glossy colour brochure with changeable inserts, which cost £2,000.

The outdoor nature of her work means that overheads are tiny. She runs the business from her home in Settle, and has no permanent staff. She does most of the guiding herself; extra guides, who have to hold a Mountain Leader's Certificate, are hired as required. She has also subcontracted a local taxi company to handle all luggage transfers.

Nitszche ran into trouble almost from the start. Though she had run pilot tours, and had plenty of inquiries, she had few bookings. Turnover in her first six months was just £5,000, so she had to take a part-time job during the winter.

The problem was that her adverts, in walking magazines and other British publications, were not reaching the right people. When Nitszcke asked those who had inquired why they had not booked, she was told that the prices were too high.

That was when she made her biggest mistake: she reduced her prices too far, giving Drystone just 25 per cent profit margin.

For 1989, she has raised her margin to a more realistic 35 per cent. A typical price for seven days' rambling in a small group over the Yorkshire Dales, staying in inns, hotels and guesthouses, is now £473 half board.

Nitszcke has also come up with new thematic tours - such as

through James Herriot country - designed to appeal to less experienced walkers and those from overseas.

The overseas market looks likely to be crucial. In 1985, 70 per cent of her clients came from abroad; she expects a similar percentage this season.

Overseas customers present two clear advantages. First, they are more amenable to the idea of paying for an organised walking holiday in this country. Second, Nitszcke does not generally do the selling herself: she has agents who take a 10 per cent commission.

Nitszcke had been keen to build export sales from the start, but she did not have the funds. She approached the British Tourist Authority, and discovered that it was a wonderful source of free help.

The European development officer for the Yorkshire and Humberside Tourist Board in particular had useful contacts. These included a wholesale travel company with

Overseas clients are more amenable to the idea of paying for an organised walking holiday

5,000 travel agents in Germany, all of whom now represent Drystone.

Other clients come from the Netherlands, Australia and America. "I want to develop the American market more. There seems to be so much potential there. But unless you have an agent acting for you in the country, I think few people actually book." She plans to liaise with her local Tourist Board's American development officer in order to find suitable agents.

During 1985, another opportunity presented itself. "I had been trying to make contact with other regional companies; I thought we should be able to collaborate to expand the whole market by sharing our client databases." She received a proposal from a self-guided walking company based in Shropshire, which was owned by the local council. Nitszcke now runs that company for the council.

Nitszcke predicts a turnover of £21,000 in 1990, and continues modest growth after that. "I'm cautiously optimistic; you never know what setbacks and opportunities are going to come along despite your most detailed forecasts."

■ *Drystone Holidays, 1A Town Head Avenue, Settle, North Yorkshire BD24 9RQ. Tel/fax: 01723 252626*

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## PERSPECTIVES



'A Trace of Red Lipstick': the western movie showing at this Moscow film theatre

Truth of the Matter  
Tip-toe through the treetops

Whenever I watch the television news, I have to struggle against an instinct so deeply ingrained in my middle-class soul that it is possibly genetic.

This is the rising of hooligans at the sight of unwashed protesters attempting to disrupt the building of a by-pass around Newbury. It takes me a moment to conquer the adrenaline-rush of prejudice. Yet only last week I spent a pleasurable day with them.

True, their hair is as crusted as the fleece of a sheep, making my fingers itch for some clippers. But there is something appealingly fantastical about the roosts they have built for themselves in the treetops.

Like the court in Shakespeare's *As You Like It*, they have escaped from ordered society into Nature. Life in this Forest of Arden has its charm.

Having lived here for months, the protesters have become at one with their surroundings. They like to wear feathers, adopt sobriquets such as Magpie and Ammonite, themselves by hooding like owls.

Not all of them, though, are steeped in rural lore. Steve, my guide for the day, waxed lyrical about the nightjars - then admitted he did not know what one looked like.

Brought up in Wokingham, Berkshire, Steve was up in his tree house throughout all the harsh weather. Now, the problem is mud.

They scurry into their tree houses at the first sign of tension, seeming as gentle as squirrels.

There is mud everywhere.

Spring cleaning a tree house can be no joke. But of course no one bothers. Structures on the ground are called benders, presumably because their frames are made of bent twigs. They could be mistaken for large compost heaps.

Peering into a communal bender revealed an interior so fetid it could have combusted spontaneously. The haze of foul matresses was scattered with tiles enameled with food. But they can be cosy, these habitations. The object of Steve's trip into Newbury had been to collect an old oil drum, which could be converted into a wood-burning stove. Nearly all the tree houses and benders now have them.

Beside the Lambourn, a sparkling brook, it is difficult to think the protesters are not playing at *Swallows and Amazons*. This copse is as idyllic a place as you could imagine. But it is *Swallows and Amazons* with a twist. They do not take their water from the stream because they are worried about its containing sheep dip. Instead, they trudge for miles, carrying Jerry cans to a farmhouse. We spy a large trout scudding between the shadows, but it does not convince them that the water is pure. They prefer to nurture a hatred of "them" - the environmental enemy.

The protesters live by their myths. Many are pagans. They are not much interested in other people's views.

Unlike the animal rights lobby, however, they have no financial resources. Nor are they thugs. Scurrying into their tree houses at the first sign of tension, they seem as gentle as the squirrels whose habitat they share.

At Picnic Camp (yes, that is what they call it), a pretty girl offered me a cup of tea, just as her mother might have done if the vicar had called. The tea never appeared. But I appreciated the offer. We passed another girl on the way to Kennet Camp swinging a hamster cage. It was empty, the occupant - a rat - being up her sleeve.

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Clive Aslet

Clive Aslet is editor of *Country Life*

## But how will it play in Podolsk?

Russian film makers now have to worry about entertaining an audience - and they don't know how. Lori Cidyleo reports

In the west, films have always been a form of entertainment. In Russia, they satisfied a thirst for truth.

During the first flush of *plastnost*, going to the cinema was like curling up in bed with a forbidden novel. A few stolen hours offered a glimpse of truth in a world of lies.

For decades, the hideous secrets of the past were kept under lock and key inside the Kremlin. Access to the truth was a privilege bestowed on a small group of ageing party officials, along with luxurious dachas, travel abroad, good medical care and special shops that sold better quality imported food.

When the gates were suddenly opened, film-makers played the role they had always dreamed of playing: that of political truth-teller and moral authority. Once hailed as silent heroes for cleverly inserting notes of irony cloaked in socialist realist rhetoric into their films, they could now delight audiences with abandon.

People went to the cinema almost as though they were going to a temple in search of sacred truths. If there were no empty seats, film buffs sat on each other's laps rather than miss a showing.

Afterwards, they braved the snow and headed home, where they would drink tea and discuss all the great questions that the movie had answered and, more importantly, those that it had raised.

"I remember those times fondly," says Karen Shakhnazarov, one of

Russia's top directors, hailed as a leading taboo-smasher under Gorbatchev. "The state gave you all the money you wanted and there was no censorship. It was paradise for an artist. I knew that that kind of art could not last long."

The fervour and romance of the past are gone. Russian cinema, now on its way to becoming fully commercial, is in turmoil. So great is the disarray that sometimes even actors do not know when, or where, the movies they are starring in are playing.

Svetlana Grigoreva, a theatre actress who won her first movie role in *Don't Shoot the Passenger*, nearly missed her own cinematic debut.

An American friend who found out, by chance, that it was playing at the Moscow Theatre, called Grigoreva to ask her if she would care to accompany him to a showing that evening. "But tell me," she said excitedly, "How did you manage to find out where it was playing?"

Once it was possible to buy a newspaper which contained all the film listings. Now, short of calling every cinema in town, it is virtually impossible to find out what is playing, let alone where or when. The reason? The state no longer has the money to subsidise the newspaper.

Beneath such crisis problems lurks a deeper crisis. With the fall of the old regime, the rule of the film maker in Russian society has changed, probably for ever. Like literature, cinema has lost its exalted importance.

The Soviet regime offered a seemingly bottomless treasure-trove of taboos that had only to be exhumed

film festival.

"When things first started to open up, everyone thought, 'OK, we will begin making commercial films now, but how can we?' That is like saying that we are going to start designing clothes better than the French - when we are still naked and barefoot. You cannot have a revolution in one day."

While those who despised the regime are grateful that it collapsed, many have been surprised to discover that their chief nemesis

was their muse in disguise. The Soviet regime offered a seemingly bottomless treasure-trove of taboos that had only to be exhumed. Having plundered the past, many directors find themselves bereft.

"Communism was a powerful myth," says Shakhnazarov. "Opposing it was a kind of goal. It lit a fire deep within. What we are experiencing today is, first of all, a spiritual crisis. Any forbidden subject is no longer interesting. Today we must create art, but, for that, you need ideas and we, as it turned out, have no ideas."

"If you came to Moscow from Paris and saw a Russian movie, you would understand almost nothing about Russia as it is today," says Shakhnazarov. "Our films are always reaching into the past. They do not say anything about people's lives now. We must get back to the eternal themes, to man and his world. There is so much unhappiness in our country that we should be exploring."

Such philosophical musings are now tempered by financial pressures.

As Vladimir Motil directs the camera crew on the set of his latest film, *Carried Away by Horses*, his financial manager rushes in with a letter from the Russian company that was to pay half his operational costs.

"This is a catastrophe," Motil says, clutching the letter. "The money is being delayed indefinitely. That means that we cannot pay the actors or the rent on this studio."

Many subscribe to the notion that a film that pleases too large an audience must be bad. Judged at a recent film festival rejected a film that received the most enthusiastic reception from the audience.

But there is hope. Some predict

that the new rough and tumble world of market realities will lead

to a process of natural selection

which will, ultimately, improve the quality of Russian movies.

"Under the Communists, my biggest headache was how to express myself in such a way that the censors would not catch on," he continues. "I felt this pressure daily. It was a kind of vice on my soul. But this system freed me from the financial worries I have now."

"Before, I didn't care how much a film cost to make or if there were delays in shooting. The Communists even forgave you if you went over budget. Now we are breaking our backs to find money so that everything does not collapse."

Money also influences what directors produce. For the first time, directors must ask themselves if a film will attract audiences.

However, those who came of age under Soviet censorship - and are accustomed to regarding themselves as the conscience of the nation - find the idea of having to make movies with popular appeal degrading. They feel unclear and cheapened by the need to bend to the will of a mass market. "Before, we had ideological prostitution and now we have commercial prostitution," says Motil.

Previously, explains Grigoreva, the actress, there were two kinds of acting schools: those that groomed the future film stars of the Soviet Union (which required Party connections) and those with an "open" policy. The properly trained actors were then doomed to work in amateur theatres in the provinces for the rest of their lives.

"Before, the first thing a director would ask you was where you learned to act," she says. "If you mentioned a school, like the one I went to, he would not even let you audition."

"Now, I can go to any director and say, 'I am an actress and I want to try out for this part.' It is much easier to get a role because now it depends on talent."

"This is a dramatic time in our country's history," says Dykovichny. "Those who were ready for this moment will survive. Those who do not know how to make movies will perish. It is cruel, but without this kind of system we will not move forward."

Dykovichny, who drives around Moscow in a blue Toyota Land Cruiser, complets with cellular telephone, is clearly one of the survivors. "I have never waited for anyone to give me a handout," he says proudly. "I am a man who decides his own destiny."

Others within the movie industry are now free to command their own fate for the first time. Although fewer Russian films mean fewer roles for Russian actors, those with talent and drive are flourishing.

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the actress, there were two kinds of acting schools: those that groomed the future film stars of the Soviet Union (which required Party connections) and those with an "open" policy. The properly trained actors were then doomed to work in amateur theatres in the provinces for the rest of their lives.

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Dispatches / William Barnes

## Warlord of the Golden Triangle

The world's most dangerous man" did not have a happy Christmas - a Thai visitor found the opium warlord unusually depressed a fortnight ago. Khun Sa has always been willing to show off his narcotics kingdom near Thailand's northern borders, for the benefit of journalists or curious westerners.

But no one could entice him from his jungle villa on Christmas eve - and now we know why: he had already decided to "surrender" to his bitter enemy, the Burmese military junta.

Surrounded by hostile Burmese army troops, and with his back to a border shut by the Thais, he must have been contemplating the end of three decades of international notoriety, power and wealth.

The "game" - of being a Shan nationalist - was up for the 62-year-old leader when hundreds of Burmese soldiers were invited into his Homung base, 25km from the Thai border over the new year.

Khun Sa's empire is thought to have controlled up to half of the region's opium exports from the region where Burma, Laos, Thailand and

China meet - the Golden Triangle - the area that supplies 80 per cent of the heroin in New York.

The man who always claimed to prefer the simple life now appears set to "retire" somewhere in northern Burma. However, he and the Burmese authorities have yet to work out how to package this arrangement for the outside world.

We may not have heard the last of Khun Sa for, if the Machiavellian politics of the Golden Triangle teaches us anything, it is that the combination of brutal opportunism and fabulous narcotics profits produces unpredictable results.

Khun Sa was born and known half his life as Chan Chi-fu. He was tough half-Chinese, half-Shan and never went to school. He lived on his wits and muscle. Predictably, in the 1960s, he became involved in opium.

The Shan countryside by then had been devastated by the marauding Chinese nationalist troops who had been pushed out of China and who quickly came to dominate the rapidly growing heroin trade.

The opium super-gangster's grip may have been loosened by this setback: two years later the Burmese authorities, which are ethnically

threw him into jail for "flirting" with some Shan nationalists (although he had only hoped to butter up the Thais).

It says something for the man that his fighters - who fled to the jungle after his arrest - eventually released him from jail by exchange.

Khun Sa quickly attracted a notoriety that overshadowed other players

in the heart of the country's legitimate economy with his disastrous programme "the Burmese Way to Socialism". Then, as now, riding the country of its thriving narcotics business was low on Rangoon's list of priorities: Chan Chi-fu's band of ruffians became part of the government militia and fought Shan nationalists in exchange for being allowed to carry on trading opium and heroin.

Chan Chi-fu became so confident that by 1987 he could announce that a massive opium caravan of "500 men and 300 mules" would not pay the Kuomintang taxes that the nationalists demanded from opium traders passing through to Thailand.

There was the inevitable bloody battle on the banks of the Mekong river. Chan Chi-fu's forces probably suffered the most; although it appears the commander of the Royal Lao Army, General Ouane Ratikone, double-crossed both sides by stealing the mule-train's precious cargo for his own refineries.

The opium super-gangster's grip

was never seemed to be as strong as that of Lee Iacocca [the head of the US carmaker Chrysler] and remove him.

The big narcotics profits that followed south into Thailand influenced many officials too. Khun Sa's new headquarters were actually inside Thailand at Ban Hin Teak - until the Thais were embarrassed by US pressure into throwing him out in 1982. By publicly speaking about his "Shan nationalism" - and frequently offering to sell his opium business to western governments - Khun Sa quickly attracted a notoriety that overshadowed other important players in the Golden Triangle.

These included corrupt officials, rivals and the shadowy Chinese traffickers who move much of the heroin to the west.

When the American justice department pointed the finger at Khun Sa in 1990, following the world's largest seizure of more than 1,000kg of heroin two years earlier, Attorney General Dick Thornburgh drew an interesting comparison.

He said: "If someone were interested in disabling Chrysler Corporation they would not begin by seizing one man... they would try to go to the head of the company." It was a pretty girl offered me a cup of tea, just as her mother might have done if the vicar had called. The tea never appeared. But I appreciated the offer. We passed another girl on the way to Kennet Camp swinging a hamster cage. It was empty, the occupant - a rat - being up her sleeve.

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## SPORT

Football in Africa

# The plum that is ready to be picked

**John Perlman** on a tournament that will highlight Africa's progress

**T**he newly-crowned World Footballer of the Year usually graces the San Siro stadium in Milan but for the next two weeks he will be giving his all on a converted rugby field in South Africa, wearing a shirt that has paid for himself.

On Tuesday night, at the King's Park rugby stadium in Durban, George Weah, leading goalscorer at AC Milan, will switch from striker to sweeper as he tries to steer one of Africa's smallest countries through the rigours of the continent's premier sporting event. At the end of the tournament his last act will probably be to settle the hotel bills.

Weah contributed more than supreme skill as Liberia battled through the qualifying rounds to reach the finals of the African Cup of Nations for the first time. With most of the country's resources commanded for war, Weah has footed the Liberian team's bill for playing kit, accommodation and air tickets.

Other countries could have done with a Weah. During the qualifying rounds for the 20th Cup of Nations, which begins in Johannesburg today, 11 teams were forced to withdraw because they could no longer afford to play. Kenya, which was supposed to host the finals, announced that, in spite of regular levies on ticket sales, it could not afford to get the stadiums ready.

So South Africa, which helped launch the Cup of Nations in 1957 - but could not compete because it refused to send an integrated team - stepped in as host. The competition is contested every two years and 13 countries on the continent will be taking live television pictures. It seldom attracted much interest outside of Africa. Yet virtually every league in Europe has its African stars. They play for Ajax, Anderlecht and French champions FC Nantes, for Bayern Munich, Torino and Sporting Lisbon.

There are close on 300 African footballers playing in Europe. And many, like Tony Yacob at Leeds United and Finidi George at Ajax, have made a big impact. No one doubts, then, that Africa can produce world-class players. But what about world-class teams?

The immediate answer is yes, of course. After all, Cameroon reached the 1990 World Cup quarter finals and could have beaten England to reach the semi-finals.

But immediate answers can be misleading. Assessments of African football have often been clouded by condescension. In the past, those who patronised African football were made to pay for it - Germany beaten by Algeria at the 1982 World Cup, Portugal thumped by Morocco in 1986, Argentina well and truly embarrassed four years later.

With those surprise results,

the caricature has changed from "skillful but tactically naive" to "superb natural athletes who will one day win the World Cup". Just as the first never reflected the past terribly accurately, the second, as a view of the present and its portents, is sentimental.

African soccer has certainly improved. It is evident when you compare the performance of Zaire at the 1974 World Cup (beaten 6-0 by Yugoslavia) with the efforts and ability of Nigeria 20 years later - both went into the World Cup as champions of Africa. And the continent's potential is reflected in the fact that Nigeria and Ghana between them have won the World under-17 championships four times out of a possible six.

But the desperate poverty in most of Africa affects football too, even if the national team is often a favoured project of governments - some officials seem to think this entitles them to pick the team.

Ian Hayton, the Cameroonian who heads the Confederation of African Football, says: "Sport on this continent is managed by our governments. And since they are all struggling under the burden of an economic crisis, soccer does not often feature among priorities. That is why you find some of the stadiums that used to be viable have now turned into potato patches."

**T**he economics of African football have forced the continent's best to look to Europe and domestic standards have suffered as a result. A recent survey in Maputo found that 85 per cent of football fans were more interested in the exploits of Benfica and Porto than they were in the Mozambican league.

Nevertheless, the Cup of Nations is a showcase of Africa's best, even if the withdrawal of holders Nigeria is akin to a Rugby World Cup without the All Blacks. And, while star players know that European club soccer represents their livelihood, most take the Cup of Nations very seriously. "This is very, very important for us," says Yacob.

Ghana have won the Cup of Nations four times, more than any other team, but they have not been successful since 1962. In the absence of Nigeria the Black Stars, as Ghana are known, with players such as Yacob, Abedi Pele of Torino and Osei Kumi, the Bayern Munich defender, must surely be favourites.

Egypt, coached by Dutch World Cup hero Ruud Krol, Ivory Coast and Zambia might come close. And Cameroon? The Indomitable Lions almost did not make it. They lost 3-0 in the qualifiers to Lesotho - who would be listed in a football encyclopaedia alongside Liechtenstein and Luxembourg, and not just for



George Weah, leading goalscorer at AC Milan, will try to steer one of Africa's smallest countries through its premier sporting event

alphabetical reasons. They were only saved when their conquerors ran out of money and had to withdraw. Cameroonian football is still riven by a pay dispute dating back to the 1984 World Cup.

There are unlikely to be big financial rows in South Africa, though, because the Cup of Nations is never a money spinner. Teams such as Zaire, Zambia and Mozambique will draw big crowds - immigrants see South Africa as the United States of Africa, and Johannesburg is its New York - but it is hard to imagine fans paying R30 (£5.30) - four times the price of a normal league match

- to watch Burkina Faso play Sierra Leone. Revenue will depend heavily on how well the host country does.

South Africa does have Nelson Mandela. His ability to shape sporting history was first demonstrated during a football match against Zambia held to mark his inauguration - he met the players at half-time and South Africa scored twice within two minutes of the restart to win 2-1.

That may not be enough, though. South Africa have made strides since their return to international soccer in 1992, which saw humiliating defeats at the hands of Algeria, Zam-

bia and Zimbabwe. They have beaten Ghana and Egypt, but they do not have anyone in the class of Weah or Yacob.

South Africa might win something off the pitch though. Africa looks certain to host the World Cup in the next 15 years. When that happens may hinge on the outcome of a power struggle between Joao Havelange, world soccer's president and Uefa, the European body. Both sides have promised Africa the plumb - Havelange in 2006 and Uefa four years later - and South Africa's only real rival as host is Morocco. The South Africans will be keen to use the Cup of

Nations to build up a handy points lead.

As it is, Africa's growing political weight in Fifa has secured for the continent two extra places at the World Cup finals in 1998. Five teams in the finals will increase Africa's chances of fulfilling the 1982 prediction of Walter Winterbottom, former England manager, and schooled by others since, that an African team will win the World Cup before the century is out. The Cup of Nations will reveal much about whether Africa - not just the players but the officials as well - is ready to seize this opportunity.

**Tennis / John Barrett**

# Outbreak of Selesitis

Last Wednesday in Sydney I witnessed a serious outbreak of Selesitis. It is a contagious disease which is certain to afflict the 85th Australian Championships, which begin in Melbourne on Monday.

The symptoms are easily recognisable - moles of screaming children, wild eyed and faces painted in a variety of colours, clambering for the autograph of the 22-year-old joint world No.1, Monica Seles.

The scenes at the White City tennis club were quite remarkable with 12,146 fans inside the ground by mid-afternoon on the third day of play in the Peters International, which when I used to play there in pre-sponsorship amateur days was simply the New South Wales Championships.

The object of this horde was quick to remember her own youth. "I see myself in their eyes. When I was about seven I was thrilled when Bjorn Borg signed my autograph book on a visit to Yugoslavia for a Davis Cup match. Then, later on, Yannick Noah gave me all these trophies in a glass cabinet at home... they will be cherished memories."

As she came into the clubhouse to meet the press, Monica passed a small athletic man with greying hair whose autograph she would surely have sought had she realised who it was.

At the age of 61, Ken Rosewall still looks ridiculously slim and fit. It is hard to believe that 41 years have passed since I sat transfixed in the front row of the giant scaffolding stands at White City as Rosewall and Lew Hoad, his tennis twin, battled for Australia against Tony Trabert and Vic Seixas of the US in the Challenge Round of the Davis Cup.

Roger Becker and I were part of the world record crowd of 27,500 tennis mad spectators whose presence was testament to the high profile that tennis enjoyed in those days.

How times have changed. No longer does one see a mass of floodlit tennis courts in suburban gardens as you fly into Sydney by night; land values have risen too high to allow such immunities. No longer are there Australians dominating the world rankings. Their top player at the end of 1995 was 18-year-old Mark Philippoussis whose rise of 276 places to No.22 in the world marked him as a man of the future.

Yet promise alone is no passport to success. The cold reality of life on the circuit was brought home to the young Australian this week when Britain's new national champion Tim Henman, who had come through the tough qualifying draw, knocked him out in straight sets.

In the next round, Henman himself was given a fine lesson on how to play in difficult conditions by Mark Woodforde. In a swirling wind the South Australian left-hander showed the sort of groundstroke control and penetration on the volley that has made him and his partner Todd Woodbridge the world's No.1 doubles pair. At least in this area of the game Australia is still a dominant force.

One of the reasons for the decline in Australian world standards is the erosion of interest in the game both at participation and spectator levels. A survey has shown that, apart from cricket, sports such as basketball, rollerblading and

baseball are now more popular with Australian 10 to 17-year-olds than tennis. Only 27 per cent of those questioned were regular tennis players.

This decline is being addressed in New South Wales by the launch of Advantage Receiver, a \$50 per year membership programme with a card that brings side benefits from car rental, hotel and dry cleaning discounts to inclusion in a ballot for Wimbledon tickets.

Although there may be up to 500,000 adults playing the game regularly in New South Wales, only 43,000 are registered players. State government grants are allocated between sports according to their level of registered membership - so it is important that Advantage Receiver is a success so that outdated club facilities can be modernised.

The finest boost would be for an Australian success at the Ford Australian Open. That is highly unlikely. In spite of the fact that five Australian men reached the quarter-finals in Sydney this week, none of them will be seeded in Melbourne.

Even though flu stricken Pete Sampras has been forced

**Even though Pete Sampras misses a preparatory event, the world No.1 is still the favourite**

to miss his preparatory special event in Melbourne this week, the American world No.1 is still the favourite. Defending champion Andre Agassi, never one to miss a public relations opportunity, arrived in Melbourne with a shaven head. That ensured a rash of publicity photographs.

The tourorial statement seems likely to become the fashion fad for 1996. The Croatian left-hander Goran Ivanisevic, top seeded in Sydney this week, is sporting a gentle fuzz. The American Todd Martin is another who appeared in Sydney looking like an advert for a bikini competition.

Monica Seles will need no such gimmicks to attract attention. In the absence of joint world No.1 Steffi Graf, who is recovering from an operation to remove bone chips from her left foot, Seles will be the overwhelming favourite and the subject of constant surveillance from the security guards.

That will no longer worry her. "I used to it now," she said. "Security is stronger everywhere, not just for me, for all players. It is a fact of life."

For all her world-beating challenges it is also a fact of life that in three visits to Melbourne, Seles is undefeated. Her last victory there in 1993, a routing win in three sets against Graf was the finest women's match I have ever seen.

When she needs a little relaxation, Monica can stroll with her guards to the other show courts to watch Ken Rosewall playing in the Champions Doubles along with the other legends of Australian tennis. I am sure he will be happy to give her his autograph.

## American Football

# A season with more downs than ups

With the play-offs ending this weekend, Jurek Martin says the game has much to do to redeem itself

for the league. The national champions, University of Nebraska, won their second consecutive title under the darkest of clouds for putting in uniform players whose off-field conduct should surely have led any self-respecting university to demand their disqualification.

A movie called *The Program*, poor at the time of its release a few years back, did the cable television rounds during this week's blizzard. At least it had the virtue of showing how it imitates even bad art.

Three of its fictional university's star players were suspended for cheating on exams, drunken driving, and attempted rape under the influence of illegal steroids. Naturally, their penalties were lifted in time for the crucial final game of the season - which, naturally, ended in a last-second victory (to the delight of the wealthy alumni who could not understand the suspensions in the first place).

Nebraska had obliterated the University of Florida in a champion-

ship game long before the last play. But the team included running back Lawrence Phillips, on legal probe for badly beating up a former girlfriend, and Jason Peter, a defensive player with a dubious record for bar room brawling. Tom Osborne, the Nebraska coach, later advised Phillips to forget about a degree and turn professional because he had a problem with the university's "educators" - whose mild sanctions had actually gone so far as to require him to attend classes.

All this took much of the glow from what might otherwise have been the charming college football story of the year - the rise, after years of football futility, of that excellent academic institution, Northwestern University from Illinois.

Known during their record losing streak as the Fighting Methodists, they won the Big 10 championship and played in the Rose Bowl for the first time since helmets were made of leather. Again, though, Cinder-

ella did not make it to the end of the ball, although the loss to Southern California by 41-32 was

The Indianapolis Colts, nee Baltimore, were Northwestern's professional equivalents. This team of no-

first round. Last Sunday, in freezing conditions, they stunned Kansas City, which had won more games than any other team during the regular season.

The Colts ought to get their come-uppance against the solid Pittsburgh Steelers tomorrow before the Dallas Cowboys and the Green Bay Packers do battle in Texas to decide who else goes to the Super Bowl.

The odds-makers favour Dallas as they usually do a team featuring Emmitt Smith running the ball and Troy Aikman throwing it. But if the only criteria were the games each played against the San Francisco 49ers, the conclusion might be different.

Green Bay, whose fans wear hats shaped like Swiss cheese, were

without holes in thumping the defending champion 49ers last weekend. The Packers did so by playing the best team of the past 15 years at their own short-passing, quick opening game.

San Francisco ought not to have

been too surprised. After all, Mike Holmgren, the Green Bay coach, spent years as a junior on the San Francisco coaching team. And in Brett Favre, the Packers' fast-improving quarterback, he has someone capable of becoming the next Joe Montana or Steve Young, who have made the 49ers tick so smoothly over recent years.

In fact, though, another San Francisco coaching graduate, Ray Rhodes, showed this year how the West Coast offense could be made to work well even with a modest quarterback willing to work within the system.

Rhodes benched Randall Cunningham, a phenomenal individual talent, in favour of the humble Rodney Peete and directed his side all the way to last weekend's play-off loss to Dallas, in which Peete was injured early.

But the San Francisco-Dallas game back in November was the season's pièce de résistance, as was

appropriate. The Cowboys were playing well and had two of their stars in braggadocio pre-match form with Deion Sanders, a 49er the previous year, promising mayhem and receiver Michael Irvin telling Rice he was not the best pass-catcher in the universe.

San Francisco, meanwhile, had big injury worries and had been losing to weak teams. With Young out, they were reduced to fielding a quarterback called Elvis (easier to remember than his surname, Grbac).

Justice was poetic. Within two minutes, Rice, supposedly guarded by Sanders, collected an 81-yard touchdown pass. Still in the first quarter, Irvin caught a pass and dropped it, letting San Francisco run the ball back for another score.

By half-time, with San Francisco rampant, Rice had caught five passes for 160 yards - and Irvin just the one which he had fumbled. Holmgren, a much better coach than the Cowboys' Barry Switzer, will doubtless have studied the film of this game minutely.

But the season had better end well for it to be redeemed. If half-shoot itself in the foot with its long strike, football's own house looks in disorder. It will no longer be enough to abolish artificial turf, the cause of so many injuries, to pronounce the game whole and healthy.

كذلك من الأصل

## TRAVEL / OUTDOORS

**T**here is in most of us, I suspect, a little person trying to get out. He wears a broad-brimmed hat, is versed in arcane scripts, and likes to muck about in the jungles of the Yucatan or the sands of the Gobi.

In an age rushing blindly forward, the adventurer-archaeologist, the eccentric savant who defies daunting obstacles in order to look back to the wisdom of a distant past, has become an alluring archetype.

So blast Indiana Jones, I say. The man has gone too far. Discovering dead cities has always been a harmless private fantasy of my own. But no matter where you go these days a thousand would-be Joneses are already clambering over the site.

Did the *Sendero Luminoso*, maniacal Latin madmen armed with machetes and Mao Tse-tung ideology, manage to stop hordes of tourists from tripping about Machu Picchu? No. Have the murderous Khmer Rouge, still looted batch of psychopaths, halted the construction of Pepsiland at the temples of Angkor Wat? Of course not.

So why should I have expected Petra, the astonishing stone-sculptured 2,000-year-old city hidden in the canyons of southern Jordan, to be any different?

One can always hope, I mused, as I walked down the steep road from Ain Musa to the twisted sandstone massif that conceals Petra. In this part of the world much greater miracles have occurred – is not Am-

Nicholas Woodsworth is thrilled at the sight of Petra, and horrified at the number of visitors going there

Muss, the "spring of Moses" the place where the great man struck the rock with his staff only to see water gush forth? Anything can happen in a place like this.

It has. I cannot say that I expect to feel quite the same virgin thrill experienced by Johann Burckhardt, the Swiss explorer who in 1812 trod these same rocks to become the first European to see Petra in more than six centuries.

But what would Burckhardt, forced to such lengths as disguising himself as a roving Moslem scholar, have felt if he saw a Swiss Mountain-pick hotel rising beside Moses' stream? And a pizza place with neon "cappuccino" signs blinking in the window? And a whole roadside spectacle of similar establishments, all brand new, growing like mushrooms after rain?

Is there anyone callous enough to suggest that decades of war and tension in the Middle East had some positive effects, or that the "peace dividend" – the considerable economic benefits resulting from recent accords between Israel and its Arab neighbours – can now be creating unpleasant consequences?

That little person inside me is more than callous enough, and calls for protest. Not since Petra was de-

stroyed by an earthquake in the 5th century has it seen such rapid and potentially destructive change.

The joy of places such as Machu Picchu, Ankur Wat and Petra is the mystery and isolation attached to them. If we were interested merely in feats of construction we would just as happily trip about Soviet-built concrete coffee-dams. If we could find the same sense of wonder in monumental art as size as size, we would chop it up into little bits and put it in city museums.

But we do not. Man's oldest and most irrational works, those sacred architectural works that build bridges to the after-life, continue to compel us. Remove the mystery and the isolation – mass tourism can do it in a flash – and what remains? A bunch of people running around in a heat wave, that is what.

I was visiting Petra in the winter, a low season when the number of visitors in Jordan's new tourist wave is much reduced. Not only that, an earthquake the week before had kept large numbers of people away. Nonetheless, as I walked from the ticket entrance towards the Siq – the narrow defile of rock that leads to the city – there was activity aplenty.

The horses and horse-drawn car-

vans clattering along have always served visitors to Petra. More disquieting for the future were the workers busy building a three-lane roadway to the Siq entrance, a facility designed to give ever greater numbers of tourists more rapid access to the Siq.

How many visitors are expected

Of the three great Middle East ruins, connoisseurs agree that this is the one that should not be missed

in the coming years? Nobody really knows. Unesco, the United Nations cultural organisation, has suggested that 1,500 people a day is about as many as the delicate, easily-eroded sandstone of Petra can withstand. Since the peace accords, however, up to 3,000 people a day have been visiting Petra in high season. With

current hotel construction due to double accommodation, and day-visits from nearby Israel increasing, some Petra lovers fear that more than 6,000 people a day will come.

So much for solitary, contemplative chambering about while indulging in minor hero fantasies. What must also be said is that Petra is so staggering a place that any visit avoiding its business months – March to May, September and October – remains worthwhile. Of the three great ruins of the Middle East – Petra in Jordan, Baalbek in Lebanon and Palmyra in Syria – connoisseurs agree that this is the one that should not be missed.

Who cares if the first comment of every tour guide standing before the great Treasury is that *Indiana Jones and the Last Crusade* was filmed here? Who takes umbrage at sophisticated little eight-year-old sales-children suggesting that if your wife does not want a camel-bracelet, well, then, maybe your mistress would?

None of this matters – at least not much. When I emerged from the penumbra of the Siq – a canyon so high the sky became a remote and narrow strip of blue – I was dumbfounded. So unexpected, so startlingly unreal is the juxtaposition

between the finely sculpted facades of Petra's tombs and the wild confusion of rock they grow out of, that one can still echo the words of two earlier tourists.

"We do not know with what to compare this scene," humbly wrote Commanders Charles Troy and James Mangies, RN, in 1812. "Perhaps there is nothing in the world that resembles it." Further exhaustive examination of the world has revealed that, indeed, there is not.

While the Nabataeans, the little-known builders of Petra, were great borrowers of Greek, Roman, Syrian and Egyptian styles, their talent for synthesis, their mastery of rock and water, gave them a style very much their own.

Nor was their raw material, the astonishingly striated and multi-coloured stone out of which they hewed their funerary monuments, anything ordinary. "The rose-red city half as old as time" is a rather tired line of romance poetry used to describe Petra. I much prefer the description of Giorgio, the Italian cook who accompanied Edward Lear's message to Petra. "Oh Master," Lear reports him as saying, "we have come into a world where everything is made of chocolate, ham, curry powder and salmon."

## Mountains red and white

Arnie Wilson enjoys early-season skiing in British Columbia

In theory, an early winter tour of the lesser-known ski resorts of British Columbia's interior should have been a treat.

But even in Canada, snowfall can be fickle, especially when you demand it during the first week of December.

Thus it was that Red Mountain, one of the gems of the province, was unable to offer its usual thrilling glade skiing. Or any skiing at all, in fact.

And to add embarrassment to injured pride, Skat Petersen, one of the six owners of Red Mountain, became trapped on a chair lift with Jill White, our tour leader from the Canadian High Commission's London office. The lift broke down during a non-skating "sightseeing" tour of the mountain.

Petersen had told us the previous evening: "My knees are worn out from praying for snow. We have had 2ft of it on three separate occasions, but each time it has melted."

The other day there were 2ft on my porch but by the time my feet landed it had gone. We have just put in two new lifts to increase the uphill numbers from 3,500 to 7,000 skiers an hour. But we do need snow to ski it."

Even Doug Coombs, three times world extreme champion, agrees that Red Mountain is good. But, unable to confirm his views, we took a trip across the US border into Washington state for a beer and game of pool at Kirk's Tavern, a former brothel at Northport (you will not find it on any map). This was followed by a hot tub at the slopeside Ram's Head Inn.

We fared far better for snow at Big White, the highest ski village in British Columbia, with its impressive views of the Monashees and Purcell Mountains, famous for their killer skiing terrain.

The amiable ski school director Jim Lloyd took us scurrying past the resort's famous "snow ghosts" – frozen trees solid by blizzards.

The snow was good too at Apex, just outside Penticton, where we battened down steep runs such as The Tongue, 22, The Pit, Magnum, and Make My Day. From the top of Bearcreek Mountain there were dramatic views of the Cathedral range across the border.

Brian Rhodes, the resort's general manager, said: "The

It seemed perfectly true. Petra enthralled me, and I spent three days hiking about its terrain, along the way coming across people quite as curious as the ancient Nabataans must have been.

In the Urn Tomb I stood listening to a party of emotional Israelis defiantly singing "The Red Rock," a song that became famous in Israel following the killing of Israelis during a clandestine visit here years ago. Back once again, this time legally, the Israelis are tickled as pink as Petra's celebrated rock.

At the Brooke Hospital for Animals, a spotless haven for Petra's 351 tourist horses, I accompanied an American woman from the New Orleans Zoo – she likes to scratch hippo with rakes – on a courtesy visit. "American ladies don't visit us much. English ladies visit us a lot," a surprised deputy-director told us. "English ladies are sweet. They like sick animals too much."

And outside the 8,000-seat amphitheatre, I watched Japanese tourists don Arab head-dress and mount gurgling camels – the fact that they were already wearing protective white gloves and face-masks did not stop the usual barrage of mutually admiring photos.

On reflection, I can see that the Indiana Joneses of the world have nothing to fear in the future. If these adventurer-archaeologists run out of dead cities to discover, they will take up a fresh challenge – adventure-sociology, the study of tourists who visit dead cities.



Graham Bell: "We need to get rid of the whole amateurism idea: shoestring Britons will never win medals."

### Skiing

## The ski racers' struggle

John Samuel asks why UK competitors benefited little from the growing holiday market

1988 Calgary downhill.

The Sports Council's response seems unlikely to improve things: Nordic skiing and biathlon have produced some of Britain's best Olympic results, yet directors of both disciplines have been made redundant, and Alpine and freestyle racing teams have suffered severe cuts.

Nathan Gardner, Britain's most promising freestyle, has to train with state-subsidised Russians. Most other team members are heavily supported by their families. National Lottery money is of little benefit, restricted as it is to capital projects.

"We need funding to get results and results to get funding," said Mike Jardine, the Ski Federation's chief executive, who has high hopes for Emma Carrick-Anderson, the

20-year-old Scot who twice won Non-Am Continental Cup slalom this season.

Graham Bell is quite outspoken on the subject: "Sport in this country is the worst funded in Europe. We are decades behind. We need to get rid of the whole amateurism idea: shoestring Britons will never win medals."

British skiing's natural mountain base is in Scotland. But the Scottish National Ski Council is separately funded by the Scottish Sports Council and largely goes its own way. It has offered to take over coaching responsibility in the UK but the English, in particular, wish to retain a coaching system based heavily on artificial slopes close to large population centres.

"Most English coaches would be utterly lost at Kitzbühel,"

said Konrad Bartelski, Britain's best World Cup skier.

This weekend in Kitzbühel, Cooke will see top ski racing at first hand. He may learn that while the Germans are heavily state-supported, the Swiss are not, and that the Austrians are part state funded.

Meanwhile in Britain, ski racers rely on such initiatives as Post Office Counters' provision of £10,000 to help publicise its new currency exchange service. Diana Mathias, the Ski Federation's recently appointed sponsoring consultant, has British team members wearing the logo on their turtle necks. In short, selling the sport to the right customer is paramount.

Russian athletes, says Nathan Gardner wryly, would never understand. For them the search for perfection is all.

Emma Carrick-Anderson: a hope for the future



### Gardening / Robin Lane Fox

## The skeletons that provide backbone

Laurustinus. Its flowers are a dirty grey-white; the leaves

tend to attract dirt and look a very dark shade of green. There is, however, a less familiar variation, not the pinkish one called Eve Price but the lesser-known French White which is almost true to its name.

You have seen big bushes of the French White form in the south of France where it is so much purer and is slightly less hardy than the usual variety. Anyone who gardens in a warm corner of France or the Mediterranean would like this particular variety, although only five small nurseries are listed as suppliers in England.

Its relations are otherwise plants to avoid.

Instead, be content with the skeletal beauty of the forms which are about to start flowering again after the Christmas cold spell. The most famous plant collector Reginald Farrer found it in China where he had collected seed from the gardens of local temples. He would have collected much more, but he antagonised one of the local princes who took his revenge by eating all the fruits on the Viburnums in his royal garden and throwing away the seed.

I think some varied seedlings have been developed from Farrer's original stock. A few nurseries now sell Farrer's Pink, which he never saw and, rather oddly offer the small Nanking form which is not free-flowering. Much the best occurs among forms named Album or Candidissimum. It is a lovely plant, totally hardy

but not completely uniform.

The one called Fragrans is simply Farrer by the wrong name and the one called Grandiflora is so shy about flowering that it is not worth the space. Instead, head for Farrer's famous child, the popular Bodnantense in one of its good forms.

The best-known is the sugar-pink Dawn which is excellent, but I am pleased to see that more suppliers now have the neglected Charles Lamont which is not so pink and is outstandingly good. I hope that more of them stock the lovely white Deben which is just as exciting and still rather hard to track down.

The Viburnums which you

see in London front gardens in mild winters are almost always the forms of the Bodnant variety. They remain among my top choices of shrubs for any garden, whatever the soil or the skill of the owner.

They are not evergreen but the flowers compensate and if you want a pink presence, you should move on to Viburnum burkwoodii in any of its forms.

Burkwood's Viburnum deserves first-class honours, especially if you use it intelligently. It grows into a wide bush in open ground, but it will also allow itself to be trained against a wall which is shaded, but not short of light.

The scent is wonderful and some of the selected forms, such as Fulbrook Anne Russell are ideal for discerning, but distracted, gardeners.

As for skeletons, I remain very fond of the best scented Viburnums for April and May. The best of them are Careless and its various forms, including the pink-flushed Aurora. The flowers have a rosy red tinge when they open to pure white, and an exquisite scent. A warm winter will bring them on by early April and anyone who sees or smells them will agree that they are an essential choice.

Some dismiss them as bare and twiggy. I cannot agree. The buds give a certain interest to the bare branches and they look fine when winter sunlight falls on them.

It is important, however, to realise that almost every Careless in the trade has been grafted on to the much more vigorous Viburnum lantana, whose suckers must be ruthlessly cut out whenever their rough leaves and coarse, rather orange stems give them away.

The grafting is supposed to speed up the slow-growing Careless but it always leads to unwanted main stems. In this winter light, you can cut them off where they join the lowest trunk or root.

All these Viburnums make a heavenly backbone in winter and spring. But you must be sure that their bones are always the ones which you want to see above ground.



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## HOW TO SPEND IT

# How to be a contemporary patron of the arts

Forget the hallowed portals of stuffy galleries, says Lucia van der Post. The modern way to buy is much more informal

**F**or the old-style art collector - the sort who had acres of manorial walls to fill and fat cheque-books to call on - the informal supermarket style of art market must come as quite a cultural shock. Where once there were bushed galleries the portals of which were only entered by the well-heeled, today there are vast international fairs where people wearing jeans are as frequently seen as those in pukka suits and

where pictures can be bought as easily for a few notes as for big cheques.

The Contemporary Arts Society and the London Contemporary Art Fair led the way in showing that informal and easily accessible fairs staffed by unfussy enthusiasts could garner a new audience for art and more sales for the artists. If the atmosphere turned out to be more "cash-and-carry than Cork Street", as one of the organisers of the CAS once described it, who cared when

the result was fun, eyes were opened, and artists were enabled to carry on being artists.

Galleries and artists were quick to see that taking the stiffness out of selling helped the bottom line. Today, many galleries have loosened up their ways - prices are more readily displayed, the old attitude of "if you have to ask the price you can't afford it" has given way to a greater desire to help the less well-off find works they can afford, and studios have open days which

allow would-be collectors to meet artists and see their work in a more friendly environment.

Whereas once most of London's art galleries were centred round Cork Street, today the intelligent and adventurous buyer would be foolish to ignore the outer fringes - Whitechapel and Flowers East in east London, the young entrepreneurial galleries around the Portobello Road, as well as other enterprising outlets all round the country.

A marvellous place for those who are interested in contemporary work is the London Contemporary Art Fair at the Business Design Centre in Islington from January 17-21. Under one roof can be seen the work of artists from 80 of Britain's leading galleries, from the avant garde White Cube (which represents Turner prize winner Damien Hirst) and the short-listed Mona Hatoum to the more establishment Gimpel Fils and the almost conservative Fine Arts Society.

There will be more than 10,000 works of art to choose from - from sculpture, painting and drawing to video and installation art. There should be something for all pockets with prices ranging from £75 to £50,000. There will be work by the already discovered and by the completely unknown. Even if you do not want to buy, it is a wonderful chance to see what is happening, to spot what young artists are up to and coming trends.

Below, art lovers who collect in relatively modest ways from some of the galleries exhibiting at Art 96, tell us about their collections.

■ **Art 96** - The London Contemporary Art Fair is at the Business Design Centre, Upper Street, Islington, London N1 0QE. It opens at 11am and closes at 8pm next Wednesday, Thursday and Friday, at 6pm next Saturday and at 5pm on Sunday 21. Admission is £7.

Pictures: FT photographers, except Jilly Cooper (South West News)



Jeremy Isaacs, general director of the Royal Opera House

From my childhood I was bowled over by paintings and I used to buy little books on the subject. I remember as a teenager queuing round the block in the snow to view the great Matisse/Picasso exhibition in Glasgow and I used to go to galleries whenever I was abroad.

But it wasn't until I came to London and I realised that I would have walls of my own that I began to think in terms of buying art. The first thing I bought was, I think, an etching by Peter Paul for 2 guineas, which I saw in the house of a friend. Five years later when I was

leaving Rediffusion my colleagues were kind enough to give me a little sculpture by Peter Paul.

When I came to London I was very intimidated by the Bond Street galleries and their beautifully groomed ladies polishing their nails. I like buying from people I know and forming relationships with artists and galleries. I know and like both Angela Flowers and her son Matthew at Flowers East. Then I buy from Graham Paton in London Fields and the Jason & Rhodes gallery. My late wife's cousin was married to a gifted artist, Leonard Marchant, and we bought quite a lot from

him.

I've always had a huge admiration for the great Scots women artists and once, to my huge delight, I found some Ann Redpath in a boutique above Turnham Green Station and I bought one of them for about £500 - I just wish I had bought more.

Then I love the work of Joan Eardley who painted in the Glasgow slums and in Catterline where she strapped herself to her easel to paint great storms. After my first wife died and I sold the family house, I had some money to spare and I bought a huge Joan Eardley. After I moved to a large loft in

Bermondsey with Gillian, my second wife, we bought a wonderful abstract painting by Bert Irvin which resides above the kitchen sink and though we really lashed out (it was a four-figure sum) we have never regretted it.

Now, whenever we have spare funds or a corner to spare we try and buy a work of art. We've been converting a cottage in Suffolk and after Gillian was made redundant by The Observer we decided to construct what we call the Tiny Rowland wing. It is a workshop and a picture room, 11 metres long by five metres wide with one glass wall which looks out onto the garden, leaving the other three walls free for paintings.

We collect figurative and abstract work - apart from the Gillian Ayres, we also have two biggie paintings by two young Scots, a stylised classical landscape by Remy Tait (above) and an extraordinary Slovenian landscape by Robert McLaurin (who exhibits at the Jason & Rhodes gallery). Another pride and joy is a huge Alan Gook painting. And we have a strange painting by Rose Wyllie. We have filled every wall and will have to stop for a bit. We don't buy really expensive pictures but those we have give us enormous pleasure.



Lynn Barber, journalist

I have always collected things in a small way - Victorian prints, some old watercolours and Baxter prints - what you might call Victorian house clutter, but David, my husband, and I always said that if ever we got any money we would buy paintings.

David has done life-drawing all his life and has a very good eye. Early on, we bought some big charcoal drawings by his art teacher June Collier and a lot of prints from Chris Orr, who teaches print-making at the RCA.

But it was not until I was working for Vanity Fair a few years ago that we suddenly had quite a lot of money and I could think about buying works of art seriously.

I went to the Contemporary Art Fair and spotted a painting by Edmund Fairfax-Lucy that I thought might interest my husband but he came back and said that what really caught his eye was an amazing pair of paintings (above) by Gillian Ayres from the Purdy Hicks Gallery.

I was staggered because I had never heard of her and he had never shown any interest in abstract art before.

They were quite small but in incredibly vibrant colours with

some particularly vivid pink. We paid £7,000 for the pair and the funny thing is that I never felt the bottom one was as good as the top one. But when Gillian Ayres, who likes to know where her paintings have gone, came to see us she brought along another one which she said we could have as well so now we have three.

She was wonderfully generous - not just in giving us another painting - but also with her knowledge and experience.

She told us that we should go and look at work by other modern painters such as Patrick Heron, Howard Hodgkin and Roger Hilton; it has all been a terribly educational experience. I now feel I am beginning to understand abstract art at last.

I love these paintings - they are the first thing you see as you come into the sitting-room. They are glamorous and give the whole room a lift. I get more pleasure from those pictures than anything else I own.

I shall definitely be going to Art 96 this year - I'm now hooked. I spent the first 30 years of my married life collecting antiques - I now want to buy work by living artists.



Jilly Cooper, writer

My [my publisher husband] has always had a "dazzling" eye. When we got married, I got out lots of posters and started framing them. Leo was horrified that I should even contemplate putting up reproductions.

He used to do the buying as I always admired his taste, which is very catholic - he found a "supposed" Corot, Rembrandt and Turner. He seems very good at finding near-misses.

One of the first pictures I bought on my own was when I drank too much at a party and bought a Betty Uman for £15. At that time it was my salary for about three weeks. When I sobered up I didn't know how I was going to survive until my next pay cheque came through.

Bratty painted me very early on when I was on The Sunday Times and I've always loved that portrait. We now buy quite a lot of art, though never anything abstract.



Miriam Stoppard, businesswoman

I don't think of myself as a collector but I do buy art fairly regularly. A few years ago I decided that instead of putting money into my pension fund, I would buy works of art and have the pleasure now instead of waiting until I am 70.

I have always had an interest in collecting - as a small girl it was postcards of the Impressionists; then later 18th century watercolours and I went on to Eric pictures and Lalique glass. But it wasn't until I saw the sculpture of a friend of mine, Nicole Farhi, that I began to think in a more modern way. I wanted to know more so I joined Roger Bevan's Exhibition Circle and gradually I began to understand more modern work. But I didn't succumb easily - it took a good six months.

I also struck a deal with a friend, Patrick Bade. I would take him to the Jason & Rhodes gallery I was so moved that my cheque book again came straight out.

I've almost never spent more

than £3,000 on a picture. I buy people long before they are well known. For instance, I saw some of Phillips' Sierensward's work at a friend's house and tracked her down and bought a huge painting - something like 6ft by 5ft, for less than £2,000. I was Frances Blane's very first buyer. I have also bought three Calton Innes after I saw his work at a Royal Academy exhibition.

I never do research, or weigh up the investment potential - that's unimportant to me. My reaction is instinctive: I simply buy what affects me. On two occasions, I was surprised by how much I was affected. I went to Yorkshire to see an exhibition of Eduardo Paolozzi's work and when I saw it I had to sit down. I was so moved. Then when I first saw Tim Maguire's work at the Jason & Rhodes gallery I was so moved that my cheque book again came straight out.

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I've almost never spent more

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## FOOD AND DRINK

**M**y New Year resolution is to buy more white burgundy and drink it less quickly. Am I the only wine enthusiast to have a cellarful of red wine but a desperate shortage of whites of a similar calibre?

In my experience, fine white wine disappears all too fast from my wine collection - and that is as true of top quality German wine for aperitif drinking and good Alsace as it is of that expensive commodity, the classic smart white, white burgundy.

There is absolutely no shortage of ambitious white wines made in less traditional corners of the wine world - the great majority, probably too many Chardonnays inspired by white burgundy.

California has been able to offer a dazzling array (my current favourites include Au Bon Climat, Kistler, Marcassin and Peter Michael). There are a few stunning, if robustly priced, Italian examples

and the number of truly subtle Australian Chardonnays is increasing every year (Coldstream Hills Reserve, Cullens, Leeuwin Estate, Moss Wood, Shaw & Smith Reserve and Stonier spring to mind).

South Africa and the Languedoc are getting there, as is, from another, much cooler angle, New Zealand. I even had a breathtakingly delicious Austrian example the other day, a 1992 Tiefat Chardonnay made in Aopien by Franska Velich.

And yet, and yet. Very few of these wines have yet reached the pinnacle of savoury, ethereal, defloured complexity that the best

white burgundies can.

Nor have they a proven track record of improving in bottle for a decade. Most of these are wines to be enjoyed within a year of buying them. A 1992 example of most of these new world Chardonnays would be quite long in the tooth already, whereas I have no intention of opening my pathetically few bottles of 1992 white burgundy for at least five years.

A recent tasting of barrel samples of 1994 white burgundies (a notoriously unreliable gauge) suggested this later vintage, by contrast, will be one to drink relatively early. It is the years with seriously mean acid-

ity and clean flavours that can be the most rewarding to cellar - vintages such as 1993, 1988, 1986 and 1985, even some of the most conscientiously-made 1987s and 1988s.

With the exception of some Puligny from Jean-Marc Boillot, few of the 1994s I tasted were seriously exciting, however. Although prices will certainly be hiked for the more concentrated 1995s, it may be worth waiting a year until the 1996s are offered as futures.

In the commoner reaches of Burgundy's strict aristocracy all is flux at the moment. An increasing proportion of Bourgogne Blanc, Macon, St Veran and Pouilly tastes early

reminiscent of new world wines. Ambient yeasts, warm fermentations and over-cautious additions of sulphur are exchanged for deliberately nurtured yeasts, cool fermentations, added acid and occasionally (surely?) added oak chips.

Wines of this sort presumably played a significant part in generating the debate currently raging in the French wine world about whether France is truly clinging to its wine traditions and whether the words *appellation contrôlée* are still (were ever?) a guarantee of anything recognisably superior.

The French consumer magazine *Que Choisir* asked a distinguished

panel of French wine tasters to identify which of 24 wines were French and which new world. Four California wines were thought to be French (including the Lynmar 1992 Pinot Noir Oddbins were selling at £12.99 before Christmas).

Those French wines taken for new world upstairs included four red burgundies and the 1992 Pouilly-Fuisse from that extremely reputable producer Chateau Fuissé and a top quality Chablis, Chablis Bourg 1990 from William Fèvre.

But is this emphasis on identifying a wine's provenance of prime importance? Although I would be the first, in an ideal world, to

demand that a perfect wine should proclaim its origins and be the unmistakable product of its geographical roots, the first requirement of a wine is surely that it tastes good. Only once that requirement is met is it relevant to discuss demonstrable authenticity.

Far too many of the white burgundies I have tasted over the last few years have been dull at best and actively unpleasant at worst. The new world wines cited above offer far better value.

Experience confirms that only wines from the very best producers are reliably worth white burgundy's sky-high prices, and hand-picked *premier cru* wines usually offer the best ratio of price to quality. I am off to add myself to the waiting list for some Coche-Dury from Lay & Wheeler of Colchester, Essex, some Cotes Lafon from Morris & Verdin of London SE1, and some of the most recent wines from Domaine Lejeune from John Armit of London W11.

## Buy more - but drink it very slowly

Jancis Robinson warns of the perils of choosing the very varied whites of burgundy

**I**t was the bull that did it. Until then all talk of mad cows had left me mildly tepid, if not cold. There was a sense with a comic name which sounded as if it had been invented by the writer Saki, and that had been hard to take too seriously.

I did not eat hamburgers, and was innocent of the taste of reconstituted or retextured flesh, bone and span fat. I felt no sympathy for those who did.

Then beef sales were falling I put down to my old enemy "Wolf Seth", that brilliant discovery of Peter Simple in the Daily Telegraph newspaper, who had leapt out of his column to become one of the bugbears of modern life: the technological farmer who makes fat profits by cutting costs and corners and by endangering our health and his business in the process.

Seth was surely the inventor of the geometrical carcass. If anyone had struck on the idea of feeding cattle on minced-up dead sheep it had to be Seth.

I have to admit, however, that I was occasionally worried when I heard otherwise sensible men and women express doubts about the safety of eating red meat, beef in particular.

What is the world coming to. I thought, if true Britons shun *le rouge*? Would the French begin to turn up their noses at snails and frogs next? Were the Germans poised to give up sausages?

Then I went to Kincardineshire and met the bull. I fear I may have unyoed its keeper by suggesting it cooked a mite languid, sitting in its straw, for he leaped over the gate and whacked it sharply across the buttocks.

It then stood up in its 1,300kg glory, looking like an 18th century painting of some prize ox. Then it caught sight of my travelling companion, who seemed to have struck a chord somewhere, for he ambled over to have his mighty head tickled. Never had I been so close to such a magnificent beast.

Royal (that was his name), had been "working", which, if I understood correctly, was a euphemism for something that we would associate principally with pleasure. Had he put a cow in front of him, his seeming languor would have been swiftly dispelled. We went off to look at some of his Aberdeen Angus wives. They were all pretty beasts in their way, generally black, but with a few auburn exceptions, the result of a "retrogressive gene", I was told, and nothing to worry about.

While we progressed around the farm, the stockman explained to me why it was that the Angus was such a special breed. The first Angus bull was shown at Perth in 1863. Its development had been a refinement of the hardy black polled (hornless) cattle of the north east of Scotland which began to come into their own with the decline of droving. Before the railways, cattle were driven south to the big urban markets and the long hard road had more influence on the sort of breed than the purity of the meat.

The men who perfected the Aberdeen Angus were Hugh Watson, of Settle in Angus; William Macleod, of Tillyfour in Aberdeenshire; and Sir George Macpherson, of Ballindalloch in Banffshire. At first the Angus was a smallish cow. In the past 30 years, however, it has grown to a more interesting size and its former reputation as a



The real thing: David Lidgate, owner of C. Lidgate, the Notting Hill, London, butcher, is one of too few who sell Aberdeen Angus beef in prime condition

## Belgian beer A monk's life has its consolations

**B**eer being beer, perhaps its traditions have been harder to maintain than wine, for example. In most cases the drink of the working class, it fell victim to the brutalisation of the proletariat in the 19th and 20th centuries.

When many of England's beer styles were rescued from oblivion in the 1960s, it was only because beer began to capture the imagination of middle-class journalists who were prepared to fight a campaign to save the nation from evil keg and wishy-washy lager look-alikes. The "jumperns" were probably prepared to lump it.

Germany too went through something of the same process. Many of the individual styles of beer which were to be found in 19th century Germany were displaced or replaced by pale imitations of Bohemian or Bavarian models. Germany may seem like a beery paradise, but it was far more of one before 1860.

Of all the countries which have been able to cling on to a body of highly individual beer styles, Belgium must be the most compact. It is not possible to say that there is no "bad" beer in Belgium, there are poor plonkers and lagers there too, but in Belgium there is absolutely no excuse for drinking them.

I tasted a little range of Belgian beers at my home recently, and almost all represented highly exciting, characterful brews and a range of flavours which would be hard to conceive of elsewhere. I did not like all of them.

Floegsgaard Ninkberg's Ninkle beer (£1.60) tasted of passion fruit and finished clutchingly sweet.

Mort Subite (£1) was more my thing. It smelled slightly of rice pudding, had plenty of body and a good tang to finish. Liebfraum's old brown (£1) was dark and creamy. Again it had masses of body. A mid-morning pick-me-up.

Guzeze Girardin 1882 (£2.05) with its spontaneous yeast fermentation is one of the oddest beers around. Not everyone will find it attractive - there is a whiff of unwashed elephant about it and an acidity which makes you understand why some brewers might wish to mix in fruit.

Fruit beers are a respectable Belgian style. The Belle-Vue Kriek (£2.10) is fermented with cherries which gives it a mild, cherryade character. It reminded me a little of Berliner Weisse with its dollop of syrup. One on a hot day from time to time. No more.

Liebfraum's Frambozen (£2.45) is a similar beast. It tastes very deliciously of raspberries, but I suspect you would not want to get stuck into an evening with it.

Jupiter (cans £1.15), was a lager style, and fairly insipid in this line-up. Hoegaarden (99p) is white beer being properly distributed by Whitbread. It has a nice complexity and smells of lemon peel, coriander and even a little of

yeast. It has a long spicy finish. Belgo 25 (£1.10) is an organic beer with plenty of spice. Serious beers start with the Trappist brews. Life in a silent order must be tough, and the monks are allowed to have powerful ales like these to give them the strength for prayer and meditation.

The Orval (£1.65) has amazing power and persistence. It would be excellent with some smelly, washed-rind Belgian cheese.

Rodenbach Grand Cru (£1.35) is one of the most individual of all. It has the nuttiness of old madeira and a powerful acid tang. Leffe Blonde (£1.60) was well mannered by comparison. It smells almost sweet and has an endearing roundness.

Scotch Silly (charming name, but it might be hard to sell north of the English border - £1.30) is a mouthful of caramel and toffee, like liquid treacle pudding. It packs a punch: at 8 per cent alcohol, it is stronger than many German wines.

Davel rouge (£1.65) smells almost innocuous for its 8.5 per cent. It has impressive length.

The Westmalle Tripel (another Trappist beer) is nutty with a fruity sweetness on the finish. Again the monks want power: 9 per cent.

Finally, the strongest of the range was the Rochefort 8 at 9.2 per cent (£1.80). Hazelnuts this time, powerful and sweet with a sharp finish. A meditative life must have its consolations.

Now, if these beers were available from my local London pub I might pay it the occasional visit. Perhaps someone can tell me why this is never the case?

All available from Belgo Brewers Retail Tel: 0171-334 4942.

Giles MacDonogh



Meat / Giles MacDonogh

## Why the image of British beef must be restored

"hobby cow" is no longer justified.

Scotland is still ideal country for the Angus. The animal wants good grass, and that means the right soil and plenty of water. The cold must help too. The cow eats more and develops more subcutaneous fat which ends up as the marbling in the meat. It is this marbling which is the greatest quality factor when it comes to Angus beef: it makes the flesh sweet and succulent.

We went in to meet Royal's owner, Stewart Macphie, in his baronial castle. He was facing the current crisis with good humour, but he was increasingly convinced that he needed to take matters into his own hands. There were several factors affecting quality: the breed, the stockman, the abattoir, the

butcher and the chef - "If one person drops the ball the beef is bad."

There has been a problem with the abattoirs. With profits down they no longer want to hang meat because this involves loss of weight. The result is acid, indigestible flesh. Macphie cited an old farmer that he knew: he insisted on hanging his beef for three full weeks. I mentioned a "traditional" beef put out by one of the supermarkets. He thought it would be three or four days old in the shops rather than the two weeks implied by the word "traditional". Not all the multiples were bad: he expressed a measured admiration for Marks and Spencer, which hangs its beef longer and buys in mostly Angus.

To get around the problems with the abattoir, Macphie was opening

his own butchery. He had little time for the way meat was treated in Scotland: "I'm not going to have my meat minced by an ignorant butcher." He was acutely conscious of the wastage on a beef carcass. Any fool could sell the primary cuts, but there remained the problem of the forequarters. Having his own butchery would allow him to look out for different ways of processing this under-valued meat.

There was no doubt that the reputation of British beef had taken a bad tumble. I recalled the fact that not so long ago there were Michelin-starred restaurants on the continent which listed Angus beef among their culinary specialities. It seemed to me that the time had come for a quality seal for Aberdeen Angus from pedigree herds. Mac-

phie thought there was a lot of fraud, at least four times as many carcasses were sold as Angus as were actually the case. One local abattoir sold "Aberdeen" beef, which had managed to mislead the waters in an unhelpful way.

With the tarnished image of beef today we need making short of a campaign for real beef complete with stickers and certificates for any butcher who is prepared to guarantee the breed, origin, health and proper hanging of the meat in his shop. My meeting with Royal was a revelation. I feel as if I have undergone a conversion. I have shaken off my lethargy. Now I am off to man the barricades.

■ Inquiries to Glenbevie Aberdeen Angus. Tel: 01569-740641, fax 01569-740677.

### Appetisers

The Gordleton Mill Hotel in the New Forest, had always been a pastry chef until he took over the kitchens of the hotel's Provence restaurant in October 1994.

The first pan-European culinary star (no pun intended), Carême, was a pastry chef too, so he has nothing to be ashamed of. We cannot taste Carême's food, sadly, so it is hard to know if it was as good as they said. It is, and it is good.

Gordleton Mill Hotel, Hordle, near Lympstone, Hampshire. Tel: 01329-682212. Seven rooms, from £27. A la carte, two courses £15. Desserts £8. Giles MacDonogh

■ Boujemaa Mars, chef of La Mamounia in Marrakech, is bringing a taste of Morocco to London from February 12-25 when he cooks at The Berkeley, in Knightsbridge. For reservations, tel: 0171-235 6000. Fax 235-4330. Jill James

Alexis Soyer possessed great culinary skills and an extraordinary organisational ability. This book includes his best known recipes as well as instructions on how to cook for 1,000 men - should you need to know - and a canny eye for the main chance.

This reprinting of Soyer's account of the Crimean War, which last appeared in 1857, describes the main improvements he instigated in the diet, feeding and well-being of the British army.

His prime legacy, the Soyer field stove, was used widely during the second world war and was still being used, in modified form, during the Gulf war.

The book opens with Soyer reading of the appalling dietary conditions prevailing in the kitchens at Scutari hospital, opposite Constantinople, where Florence Nightingale was nursing. Although it was 1854, he fired off a letter to The Times, offering his services to England, his adopted

country, at no charge. This appeared in the following morning's paper and was promptly accepted by the war office.

Overnight Soyer drew the

A CULINARY CAMPAIGN

by Alexis Soyer

Souvenir Press £22. 334 pages

plans for his field stoves and, leaving them to be manufactured, set sail. Walking around Scutari's hospital kitchens, Soyer was horrified. There was little organisation: the tin inside the copper boilers had worn away, adding the risk of food poisoning to the patients' woes; the kitchens were so badly designed

missarist officer could decide who should request it.

Soyer reorganised the army's cooking patterns and, utilising the newly invented electric telegraph, ordered from Chollet, in Paris, a pressed, dried vegetable which, when reconstituted, substituted for the fresh. Although hard bread was widely available it was useless for the majority of soldiers whose gums had been affected by scurvy. Soyer produced a bread-biscuit which would keep and was palatable.

At the front Soyer contracted fever that led to his death aged 48. Had he lived Soyer would undoubtedly have further transformed the Victorian diet. But one is left wondering just how much Soyer could have achieved today in an age of chef-stars. What would he have achieved or communicated with computers, faxes, television and the panoply of modern technology at his disposal?

### Book Review / Nicholas Lander

## A great culinary life

## PROPERTY / MOTORING

# Scenic – but beware of traffic noise

Gerald Cadogan looks at homes near the M40 corridor

**F**ive years ago, when the M40 was at last made to stretch from London to Birmingham, it revealed some of England's more beautiful and little known countryside, particularly in south Warwickshire, north Oxfordshire and south Northamptonshire.

At first, traffic on the new route between the UK's first and second cities via Oxford, Banbury and Warwick, was sparse. Today it is busy and commercial traffic is increasing. Many drivers use the road as part of the M40/A34/M3 trunk route from the Midlands to the docks at Southampton and Portsmouth. And there are often tailbacks at exit 9 for Oxford and the A34. At exit 10, access to the service station is positively dangerous and needs to be improved. But the road has brought undoubted gains.

Houses in the M40 "corridor" are seen as sensible and attractive places to live. From Banbury, in Oxfordshire, it is easy to get to Birmingham, perhaps to a City of Birmingham Symphony Orchestra performance under Sir Simon Rattle. Easy access to Birmingham airport is another plus. And there is a regular, fast service on Chiltern Railways to London (86 to 90 minutes from Banbury) or Birmingham.

Of the three counties in the M40 corridor, the south Northants triangle between Banbury, Daventry and Towcester – Grafton Run country – was probably the least known. Outliers think of Northants as industrial. It is not. There are a few industrial towns but in general it is deeply agricultural, with small ancient villages – many with spectacular church spires – and large woods.

Travellers to London may take either the M40 or the M1, depending on one's final destination in the capital. The Mill House (on the River Tove) at Sipton near Towcester is eight miles from the M1 (exit 16A) and 14 from the M40 (exit 10). The price from Bidwells is

**£230,000.**  
The company is also selling the 18th century Manor House at Woodford Halse for £230,000. The price is attractive but the house is on the roadside. The grounds behind, however, slope down to the river Cherwell. South Northamptonshire Council aims to keep the villages as they are, protecting them from new building except inside the village "envelope", which gives developers few opportunities. It is also policy that the M40 at exit 11 on the east side of Banbury is a clear boundary between town (Banbury) and country (mostly south Northants).

Banbury-based Cherwell District Council agrees. Development will go up to the motorway but not beyond it – except that the owners of the large Banbury stockyard have permission to relocate beyond. Land near to exit 11 (where motorists can see well-preserved medieval ridge and furrow systems) is a prime site in the UK road network, as the distributors' warehouses erected last year demonstrate.

**H**ouse prices in the M40 corridor have been on a roller-coaster over the last decade. In the late 1980s they climbed as buyers anticipated the benefits that the new road would bring. In the early 1990s, when the road opened, they fell, in common with the nationwide housing picture, before reaching sensible levels.

Prices have now returned to what they were in 1988 (in nominal terms), with a strong market in the top range above £250,000-240,000, says Ian Stirling, of agents Lane Fox. His firm is offering Middleton Stoney House, a Regency old rectory with 10 acres, three miles from exit 10, for which offers are starting to appear at around 30 per cent above the base price of £240,000.

The stable block is also for sale, with a guide price of £160,000. So is a 1.2 acre paddock, with a guide price of £10,000 – which illustrates how much more one has to pay for "amenity value" land than for working farmland. Throughout the area, larger period houses are in restricted supply, and more scarce in south Northants than in north Oxfordshire the other side of the River Cherwell. The lack of these properties reflects 18th and 19th century differences in

society and may explain why south Northants used to be thought unfashionable.

Today prices in south Northants still tend to be lower – as are prices for holiday cottages and bed-and-breakfast businesses. An interesting property on the east side of the Cherwell – spiritually in Northants if technically in Oxfordshire – is Stone House, 2½ miles from exit 11, which is

part of Williamscot House, which belonged to the Lovelady family from 1883 until 1988. Its owners share, with three other parties, the costs of maintaining 30 acres of grounds (mostly pasture) and, in an ingenious scheme, are simultaneously their own freeholders and leaseholders (for the 974 years at a peppercorn rent).

The house, costing £255,000 from Lane Fox, is ideal for

those who like folk music, the Fairport Convention festival, which takes place a few fields away for two nights every August, can be heard quite clearly. My children say that the crowds who attend are well behaved and the audience includes people of all ages.

Noise pollution from the motorway is a trouble even if the music is not. Buyers must inquire if they are considering

buying a house near the road or even a mile or two away. There is a wearying and monotonous traffic hum which means, in the Banbury region, since prevailing winds are mainly westerly, that Northamptonshire's residents suffer more than Oxfordshire's.

The district valuer has agreed hundreds of claims for loss of value, but the compensation benefits presented

only. Noise does not afflict Court End in Adderbury, an attractive village with handsome stone houses south of Banbury (and west of the M40). Its price from Seville is £485,000.

And the Cotswold town of Chipping Norton is also too far for noise to be a worry.

There Regaline, the developer, is converting a Victorian hospital into 27 houses at prices from £26,000 for the first phase. The second phase – the scheme is called Norton Park – will be released soon. High Furze Farm at Tidmington (17 miles to exit 15) near Shipston-on-Stour in Warwickshire is also a peaceful property. The price for seven bedrooms, stable and 14 acres and a trout stream is £245,000 from Butler Sherborn and Knight Frank.

**Information:**  
 **Bidwells, Northampton** (tel: 01604-605050)  
 **Butler Sherborn, Burford** (tel: 01993-822323)  
 **Knight Frank, Oxford** (tel: 01865-730077)  
 **Lane Fox, Banbury** (tel: 01895-275522)  
 **Regaline, Chipping Norton** (tel: 01609-645555)  
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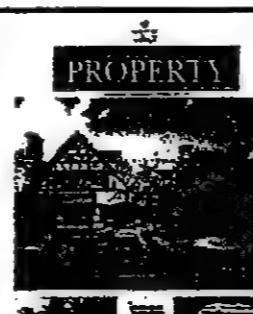
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Middleton Stoney House, a substantial Regency old rectory with 10 acres is attracting offers around 20 per cent above the base price of £240,000



High Furze Farm, Tidmington, Warwickshire. For sale at £245,000

## Motoring/Stuart Marshall

## Above or below: how to cross the Channel

**M**otorists travelling between Britain and France will be spoilt for choice this year. Prices will be kept down and standards of service will go up because rival operators are fighting harder than ever before to attract custom.

The main battle, of course, will be between Le Shuttle, speeding through the Channel tunnel in 35 minutes, and the surface ferries. Le Shuttle celebrated its first anniversary just before Christmas. After a shaky start, it has come right. The million car was carried in November and more than 1.2m cars with an estimated 4m passengers had made the underwater trip by year-end.

Those who rate the crossing an ordeal to be avoided are, naturally, drawn to the tunnel, which is particularly attractive

to people who live within a short distance of the terminal. If all goes well – as it did most of the time I used Le Shuttle last year – it really is possible to be speeding across the Pas de Calais on the A26 autoroute one hour after driving off the M20 motorway in Kent.

But I cannot be alone in finding Le Shuttle convenient but curiously soulless. It lacks any sense of occasion. You know you are in France only because everyone is driving on the "wrong" side of the road.

Le Shuttle still has a great deal of spare capacity. Whenever I have used it, the vast facilities at Cheriton (Kent) and the even vaster ones at Sangatte (Calais) have been as empty as Stansted airport. You feel they will let the public in one day and spoil it.

Providing you require nothing more than transport

between Britain and France, Le Shuttle is swift and effective. You sit in your car in an almost windless wagon; there is nothing to look at, anyway. But if you want to buy duty-free or use the catering facilities – and those at Cheriton make a motorway cafeteria seem like the Savoy Grill – you must go to the terminal. That is when the time advantage starts to melt away.

The two hours typically spent crossing from Dover to Calais, dock entrance to dock exit, by P&O or Stena super-ferry are twice as long as Le Shuttle at its best, or 75 minutes or so at sea need not be wasted. Having a meal and doing your duty-free shopping on the short crossing can even save time compared with Le Shuttle – unless, I suppose, you bring your own sandwich.

Newhaven, just a few miles east of Brighton, is much easier to reach than Dover for several million people living along the south-east coast. And Dieppe is an ideal starting point for motoring holidays in Normandy.



## Stick your neck out and take another look at the Mitsubishi Carisma

**M**itsubishi has pitched its new Carisma hatchback into the British company user/chooser cum family car market in a bid to dent

dominance of that market by the Ford Mondeo and Vauxhall Cavalier (now Vectra).

Its looks are bland, if

curvaceous, but it compares very well in every respect with the main players.

Carisma, which has 85 per

cent European content, is

made in a Dutch plant owned

jointly by Mitsubishi and Volvo.

It looks fine, but

list prices are lower than

those of most rivals, and

the cars come with a three-

year unlimited mileage

warranty and low-cost serv-

icing.

Prices start at £10,999 for a

1.6-litre GL and go up to

£15,349 for the 1.8 GLS with

automatic transmission, ABS

brakes, passenger air-bag and

a Philips Routefinder, an

ingenious gizmo that indicates

the best route from A to B at the touch of the right buttons.

The £14,399 GLS automatic 1

driven (pictured) has an

ultra-smooth transmission

controlled by clever

electronics that sense and then

adapt to a driver's technique.

It works so well that changes

up and down are detectable

only by alteration in engine

noise.

The 1.8-litre, 114-

horsepower, multi-valve,

four-cylinder engine is

self-effacingly quiet. Overall

gearing is sensible and it

makes for relaxed motorway

cruising and good fuel

economy; at least 35mpg

(8.07 l/100km) is achievable on a journey.

The suspension seems to

have been set up with smooth

German roads in mind; the

Carisma is less forgiving of

bumpy surfaces than, say,

Ford Mondeo, Peugeot 406 or

Citroën Xantia, but its

handling is quick and

well-balanced.

It is a comfortably roomy

four-seater with a big, deep

boot – so deep that the rear

deck line is high enough for

reversing to be a

## ARTS

We are an inert crowd, wordless, joyless, flattened by boredom. We are as phlegmatic as third world peasants waiting for water or Moscow housewives waiting for bread. We are miserably dependent, junkies waiting for our fix.

I am standing in a queue in a supermarket in Shepherd's Bush waiting for my induction into a national ritual. I take a small piece of paper covered with numbers from the sort of perspex pamphlet-holder that contains tracts from the Society for the Propagation of Christian Knowledge in newly marketed cathedrals. With a stubby Bio, I put a line through five sets of six numbers and offer the sacrament to a shop assistant. I part with £5 and I have become a player in the National Lottery.

During the time that I was waiting, my mind remained a void. I didn't think about the destination of my money. I didn't debate with myself, still less with my equally taciturn companions, whether a proportion of my money should go to a hospital, a sports stadium, an opera house, an underground car-

**Morte D'Arthur and Mystic Meg**  
Richard Eyre, director of the National Theatre, looks into his own crystal ball and has grave doubts about the lottery's contribution to British cultural life

park at Stonehenge, any number of immensely deserving charities, or even the Chancellor of the Exchequer.

With time to spare I might have asked myself why the contract to run the National Lottery was not awarded to a non-profit making company, whose aim was to distribute its surplus to charity. I might have speculated on the reasons why no one had foreseen the oceanic floods of revenue, and why the running costs of the successful bidding company were easily accepted.

I might have smarted at the desecration of myth, the poetic language involved in christening a company dedicated to the exploitation of greed with the name Camelot. And at the painful irony, or is it bathos, that the ridiculous machines for agitating the load of bouncing balls bearing the winning lottery numbers are named Lance.

lot and Guinevere. I might have marvelled at the presence of the BBC in seeing that the remit of Britain's public broadcasting service would be served by presenting the weekly celebration of the only universally accepted national institution.

I might have mused about how you actually get through £30m. You buy one, two, three houses, you staff them, and employ someone to look after the staff. You buy a few cars you gorge yourself with mountains of caviar, you bathe in Chateau Latour, you start racing horses, you travel between your houses, you have surgery for your obesity, you have treatment for your alcoholism, you have counselling for your depression — and you have still got money left over for a

And I might have asked myself why Anthea Turner? Why she enjoys national celebrity for presenting the lottery programme? Is it hard to fathom at Fermat's Last Theorem?

But my brain was paralysed by a sudden numbness, and, along with millions of my fellow countrymen, I shuffled forward to the counter. As a loser, of course, I cannot claim to be as accurate in my predictions as Mystic Meg, the astrologer who shares her insights with viewers of the BBC's *National Lottery Live*, but when I look into my crystal ball I see the following:

The public (and some newspaper), unable to distinguish between capital grants and revenue, will become ever more confused and resentful of arts organisations ("toffs in tutus") which continue to demand more money from the government, while receiving sums from the lottery large enough to buy a newspaper.

Legislation governing the lottery will change. The grant from the department of national heritage to the Arts Council will diminish (it already has this year) when revenue as well as capital grants are made from the lottery.

The Arts Council will, for a short time, find itself rich in cash to distribute to hungry arts organisations but will have been so busy lobbying for change in the lottery legislation that it will not have developed a strategy for distributing the largesse.

The government, remembering its failure to harness North Sea oil revenue entirely to its advantage, will start to siphon off cash from the lottery to help fund education and health. (If this seems far-fetched, a political historian rather than a fortune-teller will reveal

that this is precisely what happened in several Australian states).

The novelty of the lottery will wear off, and the income will diminish. The Treasury will demand a higher percentage of tax, rather than see its portion of the cake shrink.

The arts will receive no further funding, either from the lottery or from the department of national heritage and the true measure of our damnation will be revealed: the failure to convince government of the necessity of maintaining Treasury funding for the arts will have driven us into lobbying for a change in the lottery legislation. Our success will lead to our suicide.

The Sun newspaper will trumpet: "Luvvie Toffs Get Stuffed"; and

there will be quiet celebration in the corridors of the Treasury among those who had always regarded giving tax-payers' money to the arts as a sop-rem for the self-indulgent.

Arts organisations will turn to business and private sponsorship for revenue support. The patrons will shrug and say: "We've given you what you asked for when you wanted matching funds for your grand capital schemes funded by the lottery in the mid-nineties. We have no more to give."

Glistening new, or handily refurbished theatres, will have to raise their box office prices to unacceptable levels or reduce their costs — fewer actors, fewer staff, no new plays (royalties), no Shakespeare (large casts), no sets, no audience.

And then Mystic Meg will help me to see that there will be a use once a week on the Olivier stage; a lavish set will be unveiled, two machines will be wheeled onstage, pastel-coloured bouncing balls will be reverently handled by men in blue blazers and white gloves, and once again Anthea Turner will unite the nation in its epiphany.

## Feast, famine and matters of interest

Antony Thorncroft on the Arts Council's dilemma

**O**n Monday the Arts Council's lottery account bulged with another £2m, its biggest ever weekly take from the nation's record spurge last Saturday on the national lottery. As one of the five good causes, it receives 5.6 per cent of the total staked.

Also on Monday Lord Gowrie, chairman of the Arts Council of England, had yet another meeting with heritage secretary Virginia Bottomley to see if there was any way that the £5m cut in the council's *annual* grant, a cut which will spell crisis to dozens of arts companies across the land, could somehow be mitigated.

It is an Alice-in-Wonderland situation, feast and famine in the same organisation, and the prospects for a compromise are not bright. The government cannot change the way the lottery works without new legislation, and the very idea of letting MPs loose on what has become such a contentious matter is a non-starter. It is a case of the lawyers examining the small print, trying to find some possible get-outs on the inexorable law that lottery money can only fund capital projects in the arts, not pay artists or the rent.

One get-out, mentioned in this column last week, concerns the extra administrative burden that the staff of the Arts Council and the Regional Arts Boards have to carry administering the arts lottery. If these overheads could be costed to the lottery account, money could be freed to boost the council's reduced 1996-97 grant of £18.6m.

Another avenue being explored is the matter of interest. In June the Royal Opera House received £55m from the arts lottery for its re-development except that it did not. No money will change hands until Covent Garden can satisfy the council that the project will go ahead as planned, with the ROH raising matching funding. It is the same with Sadler's Wells grant of £20m in October — the money is still with the council.

In all the council must have earned at least £5m in interest from grants it has agreed but not yet delivered. Could this money go on revenue funding for needy clients this year?

Lord Gowrie sincerely hopes

sures of Bridgewater House were virtually given away. Even with a modest top estimate of \$120,000 there were no takers. The best explanation is that the "Pope" bought a work that was too thinly painted for modern taste.

Rather than spread the misery equally, the council could show leadership, funding certain enterprising clients generously and cutting grants to less impressive performers. On the rare occasions that the council has wielded the discriminatory axe all hell has broken loose. Only Mrs Bottomley, or the lawyers, can staunch another burst of blood letting.

**I**t takes more than the worst snowfall in a generation to put off connoisseurs. They braved the New York weather this week to strongly bid for Renaissance works of art collected by two of the most celebrated insiders of the antiques trade — the late Sir John Pope-Hennessy who presided in turn as director of the V&A and the British Museum — and the late Ruth Blumkin, from the famous family of dealers.

The furnishings of the "Pope's" Florentine home came up at Christie's and made his heir, his research assistant Michael Mallon, \$1m richer.

But while virtually every lot sold well, the most interesting did not. It was a painting by Moïse of "The Baptism of Christ", which Pope-Hennessy had bought for £14 in 1948 when the war-ravaged treas

ure of Bridgewater House were virtually given away. Even with a modest top estimate of \$120,000 there were no takers. The best explanation is that the "Pope" bought a work that was too thinly painted for modern taste.

A first session of the Blumka sale was delayed because of the snow, but Sotheby's had no cause to worry. It was over 80 per cent sold by lot.

Meanwhile in London Sotheby's is about to add another marketing string to its bow. It is converting the ground floor of its Bond Street saleroom into a cafe. With the capital's main museums actively promoting their catering establishments why should a saleroom not attempt to feed the body as well as the soul?

**T**he Millennium Commission is not afraid of making enemies. The cultural worthies of Wales are not accepting its rejection of their plan for the Cardiff Bay Opera House meekly. They are now deciding whether to put in another bid with a modified plan or demand that the commission makes public the consultants' reports that informed its rejection of the £20m application.

And in London the V&A is reeling from the news that its millennium bid to redevelop space at the rear of the museum has been parried, with the suggestion that it applies elsewhere. The V&A is now pinning its hopes on the Heritage Lottery Board.



A vivid presence: Arturo Aguilar (right) as The Gypsy

## Carrasco, the gypsy heart

is more enjoyable a display of flamenco which has not been maddened by delusions of grandeur. It introduces the notable dancers Manuela Carrasco and José Fernández, and a splendid singer, Susi. Fernández has all that psychic concentration and passion to drive the rhythms along that we hope for in gypsy dance,

and Susi has the varied timbres and the mastery of vocal arabesques to beguile any audience (and she has a magnificent guitarist in Joaquín Amador).

But it is Carrasco who gives the show its gypsy heart. Her first number, a *Siguiriyá*, was dutiful but did not ignite — and unless a flamenco artist feels

the god with them, the dance can have an automatic lance. Returned in a caparace of white flounces for a *Soleá*, she had the massive and brooding look of one of the Nadelman statues in New York's State Theatre. She is a monumental artist in style as appearance, and as the dance took hold, we saw those grand intoxications

of foot and torso, the falling limbs beating the music from the air, which is the real and absolutely irresistible flamenco. Tremendous.

Clement Crisp

*Corazón Flamenco* is at Sadler's Wells Theatre until February 10.

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## Radio/Martin Hoyle Speaking up in public

access of information by producers who foist on us self-important conspiracy theorists and those with an axe to grind than rolled-up trouser-legs and special handshakes.

Factual sloppiness now seems the norm. Nothing too important: just enough to make one look prissily picketing if one complains. Connoisseurs of Ned Sherrin's tortuous versions of foreign names took

several minutes to work out he was interviewing the Cirque du Soleil in last Saturday's *Loose Ends*.

This semi-cultural show also distinguished itself by playing the verse of a song from Michael Frayn's *Offenbach* re-vamp, *La Belle Vivante* (née *Hélène*), while scrupulously cutting it off before the well-known refrain.

There was little real erudition in *Kit and the Widow's Sound of Music*, though Kit Hesketh-Harvey mispronounced "Porgy" on Wednesday. As you

can imagine from their polished and allusive stage show, smoothie Kit and his pianistic sidekick can inflict a conventional quiz format with wicked glints of quicksilver camp that seem to affect even the squat guests (Ian McCaskill and Alan Titchmarsh were positively frisky).

How easy it all sounds, getting up in public and embarrassing... Thursday's *First Person Plural*, an audio diary shared between several participants, dealt heartrendingly with a group staging a show on the Edinburgh Fringe at last summer's festival. One melted at their hopes of rave reviews,

discovery, a media slot. Paul and Sarah, co-producers, directors, writers and moving

spirits in the venture, blew their mortgage savings on the trip. The company included a

more sceptical Scot and a mischievous 35-year-old cameraman

who lived in a bedsit. First inti-

mations of doom came when their minibus hit nocturnal Newcastle and they realised

that the north closes early ("McDonald's shut, for God's sake").

In the course of variable audiences — of one 12-strong house "a quarter

walked out, the rest were asleep or drunk" — Sarah

threw the odd wobbly and came to hate the group's one serious actor (as opposed to performer). Michael was "full of self-doubt and agony", indulged in introspective anguish, treated the others like "plodding amateurs", got involved with another show and, to prove his professionalism, skipped a chunk of script in mid-performance and landed them in another scene. "I'll kill him," soliloquised Sarah breathily into the mike.

No awards, no overnight fame, though they got on to *Edinburgh Nights*. They were cheered by a trip to Loch Ness and a meeting with the monster-hunter who threw up a conventional job for a lakeside caravan and who lives by making little models of Nessie. The moral was plain: he was doing what he wanted. In his old age he would have no regrets at having missed out. The group returned penniless to London, already planning next year's show.

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**AT 6**

FRIDAY PRESS

10 DECEMBER 1995



## BOOKS

**M**anuscripts do not burn," says Voland, the Devil to the Master in Bulgakov's *Master and Margarita*. The Devil's words were prophetic. Bulgakov burned his diary after he got it back from the secret police, but a copy duly turned up in the KGB archive. This fascinating detail is revealed by Vitaly Shentalinsky, head of the Commission for the Literary Archives of Victims of the Repressions.

The KGB *Literary Archive* can best be defined as a collection of last chapters. Where scholars have had to put three dots in the biographies of such writers as Mandelstam, Babel, Gorky, Bulgakov, Florensky, Platonov, Shentalinsky's book has finally put a full stop. To the outside world, a man taken into the KGB cells ceased to exist. Osip Mandelstam took a few books with him, among them Dante's *Inferno*. He knew where he was going.

The archive sheds light on the twilight days of some of the most brilliant figures of Russian literature. Unveiled here are the very mechanics of how to destroy writers physically and morally. Isaac Babel, a famous Jewish writer, was interrogated for three days and nights. "You have been arrested for treasonous anti-Soviet activities. Do you acknowledge your guilt?" "No, I don't," replied Babel. The interrogator:

# Father, interrogator and murderer of the people

Logic was not the KGB's strong point. Arkady Ostrovsky looks into the archives

tor's subsequent question is illustrative of the Soviet judicial system: "How can you reconcile that declaration of innocence with the fact of your arrest?"

The more absurd the charges, and subsequent "confessions", the better. Babel was accused of espionage for the French and of being a part of Trotsky's conspiracy. Father Florensky confessed: "Fully aware of my crimes against the Soviet system and the Party, I wish to express my profound repentance for my criminal membership of the nationalist-fascist centre." But behind the neat pages of "confessions" and "testimonies", his terrible physical and psychological tortures.

The KGB cells had thick walls, yet a few voices filtered through Vasili Meyerhold, a famous theatre director arrested in the same year as Babel, reveals the methods used by the interrogator: "The investigators

THE KGB'S LITERARY ARCHIVE: THE DISCOVERY OF RUSSIA'S SUPPRESSED WRITERS  
by Vitaly Shentalinsky  
*The Harvill Press £16, 322 pages*

of the first to accept the revolution and stage Soviet plays. Babel was not an anti-Soviet writer. One might wonder why Stalin killed a genuine Soviet writer like Pilnyak and granted life to Bulgakov and Pasternak, but the principles of logic and reason simply did not apply. No calculation could predict the next step of the father of the people".

Mandelstam's case provided a good example. He was arrested twice - the first time in 1934 for a poem about Stalin in which he wrote: "The Kremlin cage-dweller bars the way". He was accused of counter-revolutionary activities, a charge that brought the death sentence. Mandelstam's wife and Boris Pasternak appealed to Nikolai Bukharin, a member of the politburo and the editor of *Izvestiya*, but nothing, it seemed, could save Mandelstam. Then suddenly "the Kremlin cage-dweller" himself intervened and

began to use force on me, a sick, 65-year-old man. I was made to lie face down and then beaten on the soles of my feet and my spine with a rubber strap. For the next few days, when those parts of my legs were covered with extensive internal haemorrhaging, they again beat the bruiser with the strap... I began to incriminate myself in the hope that this, at least, would lead quickly to the scaffold... Meyerhold, like hundreds of others, was shot and thrown into a common grave.

He was by no means an anti-Soviet director; on the contrary, he was one

times the deity would speak. Shentalinsky's book contains transcripts of Stalin's telephone conversations with Bulgakov and Pasternak. In both conversations Bulgakov and Pasternak asked to see and speak to Stalin. "What about?" Stalin asked. Pasternak: "about life and death." answered the author of Doctor Zhivago. Stalin hung up. God could speak to you, but you could not speak to him, nor could you see him.

Another victimisation in the KGB archive is that of Maxim Gorky, the

founding father of Socialist realism.

Gorky, who publicly opposed some of Lenin's policies and was forced to retire in Italy in 1921, was enticed back again by Stalin in 1928. Stalin did not kill Gorky - instead he cast him in stone in the form of hundreds of statues throughout the country. Gorky's 80th birthday was compulsorily celebrated all over the Soviet Union. He was given an enormous house in central Moscow, dachas in the Crimea, and the main street in Moscow was named after him. In return, he agreed to be taken to the White Sea Canal penal camps.

In fact, Gorky had as little freedom as any other Russian writer. He was constantly watched by the NKVD (the KGB's predecessor). Gorky died in 1936 and, in spite of his wish to be buried next to his son, was cremated and buried inside the Kremlin wall. Even after death, he remained a hostage of Stalin.

# Build for the future

**M**ost environmental tracts are dull, depressing. First, they remind their readers of what a dire state the planet is in. Second, they fill them with a numbing sense that the damage is so great there is nothing they can do about it.

*The Green Imperative* is different. Victor Papanek, an American designer and teacher, not only describes why it is important for architects and designers to take environmental issues into account, but explains how they can go about it.

He starts by suggesting that the conventional criteria for assessing the success of a piece of design or architecture - "How does it look?" and "How does it work?" - have been supplanted by the more pertinent "How does it relate?"

Papanek goes on to argue that the most important relationship to assess is between design and the environment as the threats facing the environment are "so major and so threatening" that "it is imperative that designers and architects play their part in helping to find solutions".

**THE GREEN IMPERATIVE: ECOLOGY AND ETHICS IN DESIGN AND ARCHITECTURE**  
by Victor Papanek  
*Thames & Hudson £14.95, 256 pages*

*The Green Imperative* paints a chilling picture. Papanek produces facts and figures to support his assertion that we are in a state of ecological crisis: from the recent wave of typhoons in south-east Asia and torrential rains in Central America; to the illegal dumping of imported waste in Indonesia and a fire at a Virginia tyre dump that lasted for nine months.

He argues that architects and designers have a duty to do everything they can to improve the situation rather than continuing to place blind faith in new technology, ignoring the possibility of adverse side-effects. One example he cites is the decision to place two buildings with reflecting panels so close together that they generate intense heat which requires huge amounts of energy to be cooled.

*The Green Imperative* offers practical examples of what can be done to address these problems. One is that of the English sheep farmers who saved the Lincoln breed from extinction after realising the value of its fine wool and low-cholesterol milk. Another is the trend for US mail order firms to use popcorn (which is biodegradable) rather than polystyrene in packing.

Papanek's syndicate of flying enthusiasts have clubbed together to buy a glider, and Californian car firms sell self-assembly kits of 1938 Mercedes SS-100s or 1954 MG-TDs using existing engines - it is anecdote like these that make reading *The Green Imperative* a cheering experience.

By offering so many positive examples, Papanek leaves the reader with the reassuring feeling that even the most modest attempt at saving environmental resources is worth trying, which is more constructive than filling them with a sense of helplessness.

Alice Rawsthorn



'Rodney rescuing Angelica', 1817, by Ingres which hangs in the National Gallery, London

# Last great classicist

Brian Sewell reviews Ingres

**N**o visitor to the museum largely devoted to the life and works of Jean-Auguste-Dominique Ingres in Montauban can fail to be astonished by his "Dream of Ossian". It is a large canvas, some 12 feet by nine, but in the vaults of memory it hangs much larger, the giant Romantic figures of James Macpherson's forgeries overwhelmed by startling pectoral in the cold light of the Celtic north, yet their simplified

**INGRES**  
by Georges Vigne  
*John Murray £72, 322 pages*

forms bold abstractions from the antique Classic south. These are the ghosts of murder, usurpation and unrequited love from an ancient past, come to haunt the poet, himself a distant Scottish fiction, and Ingres competes with Fuseli in making palpable the nightmare.

Those who know Ingres only as the painter of plump women with chipolata fingers, goitrous throats (an early medical pendant) wrote a paper on *The Thirteenth Floor in the Work of M. Ingres*, dislocated and distorted limbs, and breasts displaced into the armpit (a feature shared by women of royal Hanoverian descent), must welcome his imagined Ossian after so much study from the life - but so strange, even outlandish, a picture requires far more discussion than Georges Vigne, young curator of the Musée Ingres, gives us in what his publishers proclaim "the most

public hair and labia, lovingly observed, suggests something

him well in proportion and the beauty first stages of the nude, male as well as female, before he adjusted and distorted his figures to fit the artificial limitations and arabesques of finished compositions.

His eye, and the diligent studies it compelled his hand to make, did not prevent from failure many of his historical overstatements (he thought of himself primarily as a great history painter), but it served

him well in portraiture and the male, male as well as female, before he adjusted and distorted his figures to fit the artificial limitations and arabesques of finished compositions.

As a survey of the life and work of Europe's last great classical painter, born in 1780, pupil of David, winner of the

Prix de Rome (where he lived from 1806 to 1820 and 1835 to 1841), dominant Academician, serving patrons of the highest caste, no matter what the politics of the moment, Vigne's book is adequate and not uncritical, but it is far from the catalogue raisonné of the paintings that one might expect at such a price, though marred by jarring infelicities of

translation, the text is supported by the best coloured plates yet to appear in a book on Ingres, though their cutting, bleeding and guttering is often unfortunate.

His portrayal of Ingres as a complex, obstinate, domineering and irritable master, so wounded by Parisian criticism that the city of Montauban was the principal beneficiary of his

estate (4,000 drawings as well as the remaining paintings), and as a determined and passionate incorrigible, so often comes near to being a very good book, that one senses the intervention of bored editors who are not art historians and fear the discipline.

Vigne should be allowed his head and recast this book as a proper catalogue.

gathered by the unaided human ear.

This suggests to the authors an important point for understanding the history of science. As instruments of natural magic were applied to scientific enquiry, so they broadened understanding of the world, shaped the way it is viewed, fuelled the drive to further science and shaped the direction of science's development, and recording instruments such as

Edouard-Léon Scott's "phonautograph" for depicting sound. Scott's machine made wave-pictures of sounds picked up by its trumpet, and that introduced the possibility, later exploited by Thomas Edison, of preserving incoming messages as in telegraphy, and later still the familiar technologies of recorded sound. More generally, it made possible the science of acoustics: a graphical trace aids description of complex sound waves in precise quantitative terms, very different from the subjective results

of which he believed living ducks, and indeed all nature, operate.

One of the chief examples of how instruments both furthered science and shaped its course is the invention of

recording instruments such as

Edouard-Léon Scott's "phonautograph" for depicting sound.

Scott's machine made wave-

pictures of sounds picked up

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ferent from the subjective re-

sults of which he believed liv-

ing ducks, and indeed all na-

ture, operate.

These are flaws. The love

scenes are dragged down by

clumsy dialogue and some

overblown imagery. The cli-

max, in which Rasero meets

his death, lacks the credibility of

many of the earlier episodes.

The modern conclusion seems

a bit contrived. But the defects

are slight, and the achieve-

ment, extraordinary from a

young writer who has never

visited the city he describes, is

resounding.

# WHO'S WHO 1996



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# Magic that grew into science

A.C. Grayling on the fascinating role played by magical instruments in scientific inquiry

17th century a new kind of instrument made its appearance - the "philosophical instrument", so called because it aided the investigation of nature by acting upon the world in a way that revealed its properties. Telescopes, microscopes and the air pump are prime examples. They subject nature to distortions - enlarging it, bringing it nearer, creating vacuums - which force it to yield up its secrets.

These devices had existed before the 17th century, but not as scientific instruments. They were instead the stock-in-trade of "natural magic", their purpose being to amaze and surprise the fee-paying public by their remarkable effects. Natural magic dealt with natural phenomena of the

coh-ah! kind, and its practitioners used trick mirrors, magnets, speaking-tubes, hidden machinery, pumps, magnifying glasses and the like to achieve their effects. But out of this array of equipment grew the instruments of scientific investigation which have transformed not just our picture of the world, but the world itself.

One of the great natural magicians was the Jesuit horologist Athanasius Kircher, who made marvellous magnetic clocks that seemed to be powered by sunflower seeds, or nothing at all. His work was in part a contribution to the earnest 17th-century debate about occult powers, that is, such hidden forces as magnetism and gravitation which govern natural phenomena. He was

not a systematic investigator,

but nevertheless demonstrated

the variety of effects that hid-

den forces produce. No theoreti-

cian, he made hundreds of

RASERO  
by Francisco Rebollo  
*Weidenfeld & Nicolson £16.99,  
352 pages*

worst monster in creation: we are conscious of what we are doing, and yet that does not stop us.

Rasero means "leveler" and in Don Fausto's eyes, all are equal. He is as inquisitive, like his friend, Voltaire, that intelligence makes man the

hapless assassin, Damiano, as when he is discussing the intricacies of the Encyclopedie with Diderot, or showing his beautiful Creole mistress the secrets of the city he knows intimately. Alone, he reads the Book of Revelations and sees himself as another prophet.

Rebollo has arranged the book in a series of encounters. All are startlingly authentic in time and setting. When Rasero visits Voltaire at Ferney, we see the solid, prosperous

houses of the neighbourhood

just as clearly as the tiny

details which bring the philos-

opher's library before us, the

meticulously arranged books,

the fishbone pipe given by Jon-

athan Swift, the paper-knives of

Toledo steel, the freshly cut

## BOOKS

**T**he mass slaughter of Rwandans by Rwandans that started on the night of April 6 1994 and produced, within 100 days, between 800,000 and 850,000 corpses (about 11 per cent of the population) was not the result of a psychotic conflagration, even though it seemed to be sparked by the death of the country's president, Juvenal Habyarimana. The genocide had a history, as genocides always do.

In the view of both these authors, Rwanda's grotesque Hutu-Tutsi conflict was not attributable to vague insatiable bloodlusts or dark ancestral hatreds. Instead, the genocide was meant to serve specific political and economic aims, and had long been planned.

These are very different books, though both touch on one of the key questions that Africa poses: why should we care about murderous dis-

# Home truths about genocide

Murderous disputes in faraway places bring out the honest pessimist in Michael Thompson-Noel

putes in far-away places?

Fergal Keane is a BBC correspondent who has won numerous awards, especially for his reporting from Rwanda. A year before Rwanda's genocide, he was sitting in the BBC's radio studio in Johannesburg when the subject of central Africa came up. A London-based colleague wondered out loud why western news organisations should care about disputes in obscure countries, and Keane was taken aback, believing that the question reflected a narrow view of the world.

He answered by saying that we should care "because we belong to the same brotherhood of man as the citizens of seemingly remote African

countries" — a view, he admits, that some may see as naive — and because "genocidal killing in Africa diminishes all of us."

That is just about true, I suppose. Yet it is also banal — as banal as Africa's predicament. It is this banality that makes a few honest pessimists wonder whether the time is not close when we turn off the news from Africa altogether, and just let it stew.

One of the problems with Keane's *Season of Blood* is that it reads, a bit like a travelogue. Rivers are brown with upland silt and thick with elephant grass; among the banana groves, birds sing, "bright and curious". Admittedly, this travel-page stuff

**SEASON OF BLOOD: A RWANDAN JOURNEY**  
by Fergal Keane  
£13. 148 pages

**THE RWANDA CRISIS. 1959-1994. HISTORY OF A GENOCIDE**  
by Gérard Prunier  
Hurst & Co £35 hardback, £12.50 paperback, 389 pages

gives way eventually to unvarnished narrative as Keane and his companions, who have driven into Rwanda to make a BBC report, encounter the killers, the corpses and the orphans. Yet there is nothing, or very little, in *Season of*

Blood that has not already been conveyed to us by images bounced off satellites.

Gérard Prunier's book is far more substantial: the first in any language (Prunier is a French historian, though he wrote this in English) to offer comprehensive analysis of the remote and immediate causes, as well as the outcome, of the Hutu-Tutsi conflict that convulsed Rwanda.

Rwanda's genocide, says Prunier, was the result of processes which can be studied and explained, just as the 19th century genocide of the North American Indians, or of the Jews in the Nazi Holocaust, can be studied and explained.

What he calls the mechanics of Rwanda's genocide were

"unquestioning obedience to authority, fear of the Tutsi devils and the hope of grabbing something for oneself in the general confusion." To which he adds an extra cause, though still a taboo over-population.

The notion that over-population played a role in the slaughter in Rwanda is still taboo, says Prunier, because humans are not supposed to be like rats in a laboratory cage, and because Christians, Marxists, Islamic fundamentalists and World Bank experts still maintain that over-population is relative, and that God (or modern technology) will provide.

Prunier's book is harrowing and authoritative. And he does not for a minute believe that Africa and its tragedies can be ignored by the west, even though "it is perfectly understandable, in a world where the media shout in the same vulgar way about genocides and sexual scandals, to think that silence is the ultimate form of respect for the victims."

What now? As usual, says Prunier, the Europeans understand nothing. Rwanda's great needs, he believes, are justice and cash, in that order. "To measure the 'small guys' who used the machete and to assess the immense pain of their victims' relatives, only the death of the real perpetrators will have sufficient symbolic weight to counter-balance the legacy of suffering and hatred which will lead to further killings if the abscess is not lanced."

After that, money. He says that a modicum of economic prosperity would go a long way towards relieving the pain, especially if the cash was used first and foremost to help diversify an agricultural economy that is choking within its own structural limits.

But Prunier has no serious hope that justice or cash will be available, and believes that "death will return". The reason that neither justice nor cash will materialise, he says, is that Rwanda is a small landlocked African country without strategic or economic interest, populated by black people.

In this curious manner, Prunier, an academic, arrives, after much journeying, at almost exactly the same conclusion that plain-speaking pessimists would have reached at the speed of light.

## Well rooted in time and place

Ann Geneva reviews two historical reconstructions of life in 14th and 17th-century France

**A** new work of history by Natalie Zemon Davis is something of an event. The publisher, understandably, has put "Author of *The Return of Martin Guerre*" on the front of the jacket, linking it to the *Departement* movie of that name, on which Davis served as consultant. But her reputation as an historian of the first rank rests squarely. If unusually, on a single book of eight stunning historical essays published 20 years ago. *Society and Culture in Early Modern France*.

Unlike many North American historians whose works trumpet their innocence of century or country, Davis, a chaired professor at Princeton now in her 50s, rooted herself firmly in time and place. Avoiding the cinematic discourses of Braudel or the self-conscious fable-spinning of Lévi-Strauss, however, she was able to merge, seemingly without effort or loss of immediacy, the work of theorists with a broad range of primary sources: theologians of recreation, literary historians of festive customs, and anthropologists rubbed shoulders with abbey records, Renaissance theatre documents, and 16th-century printed scenarios. Davis could write history as other historians only dreamed of doing.

Her essay focuses attention on early modern France, and particularly urban artisans and peasants. The essay which has remained most firmly lodged in my mind concerns *charivaris* — noisy, masked demonstrations which were used to humiliate some wrongdoer in the community. Under Davis's skillful probing, these emerge not as mere societal safety valves, but as a way to transmute violent and anti-social male teenage impulses into community responsibility. I often think of this essay when reading accounts of teenage joyriding

and the like.

*Women On the Margins* in some ways continues the essay format, and extends earlier themes as she traces the lives of three 17th-century artisanal urban women, Jewish, Protestant and Catholic, denizens of Europe, North and South America. One of her stated goals is to mitigate the perception that all women of the past resemble one another.

Gilkli Bas Judah Leib was a Jewish merchant woman who lived in Hamburg. Left a

dian languages of Huron, Algonquin and Iroquois. At her son's urging, many years after he had himself taken holy orders in Paris, Marie wrote a highly literate account of her life and its dramatic spiritual vicissitudes.

The third of Davis's trilogy, *Maria Sibylla Merian*, abandoned her German husband to join a radical Protestant community in the Dutch province of Friesland. Fame was added to her notoriety, however, when she produced an astonishing illustrated book on the insects of Surinam. Unlike the others, she left behind no autobiographical account.

While these women's lives prove worth salvaging and Davis negotiates her sources impressively, she appears to have lost the thrill of the chase — as if decades of academic immersion has sapped her sense of historical quest and adventure. Where previously they informed one another, here scholarly and popular dimensions form a curious narrative hybrid, lacking the thick description which so vivified previous accounts.

Ann Wroe's historical reconstruction of a curious incident of buried treasure and family greed in 14th-century France follows Davis's method into her former territory, using court records and individual incident to cast light on the societal whole. Wroe, American editor of *The Economist* who holds a doctorate in medieval history from Oxford, begins with the image of a shovel digging a blocked drain to unearth not only a literal pot of gold but also the entire panoply of a partitioned medieval town. While lacking Davis's formidably sophisticated historical skills, Wroe manages to convey life's daily texture with the immediacy and personal involvement that was once Davis's hallmark.

**WOMEN ON THE MARGINS: THREE 17TH-CENTURY LIVES**  
by Natalie Zemon Davis  
Harvard University Press £15.99, 360 pages

**A FOOL AND HIS MONEY: LIFE IN A PARTITIONED MEDIEVAL TOWN**  
by Ann Wroe  
Jonathan Cape £15.99, 243 pages

widow at 43 with eight children still at home, she took over the family business trading in gold, silver, pearls, jewels and money, set up a shop for manufacturing stockings, attended fairs, lent money and honoured bills of exchange across Europe. At the end of the century Gilkli blended memoir and tales in a carefully constructed Yiddish autobiography, which Davis considers "of unusual literary structure and religious resonance".

Her second subject, the widowed Marie Guyart, took the name of Marie de l'Incarnation when she became an Ursuline sister in Tours, although this entailed abandoning her 11-year-old son to relatives. She founded a school in Quebec, composing catechisms, prayers and dictionaries in the Ameri-

## When Queen Victoria let her hair down

**T**he British and the Swiss may neither love nor understand each other, but they have always seen each other's habitat as the antidote to everyday life. Take a Swiss to the Scottish Highlands and he will rapidly unwind. Visit Interlaken and the sound of the British at play is unavoidable. The same could be said of the Alpine resorts frequented by younger members of the British royal family.

As Peter Arengo-Jones's monograph *Queen Victoria in Switzerland* underlines, royal links with the "Garden of England" is long and peculiar. At first sight, Victoria's month-long holiday in Lucerne in 1868 may seem a minor interlude in a 61-year reign bound up with imperial affairs of state. In fact, it was a turning point. After seven years of mourning for her beloved Albert, marked by increasing withdrawal from public life, she emerged ready to face the future.

The footprints of British tourism in Switzerland were well established by the time of Victoria's visit. Previewing the royal trip, The Times reported that "Every year hundreds of English people of all ages pass over certain well-known tracks, and delight their eyes with the most glorious forms of mountain, lake or waterfall; for the places are visited and vulgarized in direct proportion to their beauty and fame."

The report added that visiting royalty could no longer "attain perfect privacy and irresponsibility", and warned of the prying eyes of professional royal-watchers, especially the "well-dressed English mob". Victoria's visit proved the opposite. She travelled incognito, and barring an impromptu rendevous with the Queen halfway up the Rigi, her privacy was respected by public and press — a far cry from today's peeping paparazzi. The other big differ-

**QUEEN VICTORIA IN SWITZERLAND**  
by Peter Arengo-Jones  
Robert Hale £15, 160 pages

ence in 1868 was the exchange rate — 35 Swiss francs to the pound compared with the current rate of around 1.7.

Drawing extensively on the Queen's journal and his own intimate knowledge of Switzerland, Arengo-Jones offers an intriguing glimpse of 19th-century royalty in an informal setting. Released from court ritual and surrounded only by her close family circle, Victoria could be herself — in a way that not even Balmoral or Osborne House allowed. She comes across as homely, boudoir and remarkably commonplace, showing little interest in the customs or way of life of her hosts. There is not so much as a personal word about

her guide, Antoine Hofmann, on whom she relied so much.

The holiday settles into a sedate routine of reading, writing and brief excursions, based at a secluded pension overlooking Lake Lucerne. She has her favourite carriage and bed shipped in advance, and Swiss staff are instructed in the art of making cube sandwiches for royal consumption at teatime. Lord Stanley, foreign secretary, is kept at arm's length in a nearby hotel, but tells Disraeli that "the lady was in high spirits and good humour, and talked more freely than I had ever heard her" — as long as no government business was broached.

So the book's limitations are those of the Queen herself. Her admiration for the scenery — "God's most glorious Creation" — is better expressed in her paintings than her mundane prose. Best of all are Princess Louise's watercolours and the contemporary engravings with which the book is lavishly illustrated.

And what remains today of Victoria's secret visit? A commemorative plaque on the Gutsch, a stone inscription at Hertenstein where the Queen walked, a plethora of hotel names after her in central Switzerland, some paintings she commissioned from the Swiss landscape artist J.J. Zeller — and this charming book.

Andrew Clark

There is more than a hint of Fuseli's illustration for Dante's Inferno in Charlie Adlard's graphic pictures for Lessing's story

## A graphic depiction of ghetto-street life

**PLAYING THE GAME**  
by Doris Lessing  
HarperCollins £6.99, 64 pages

set the dialogue as verse to push back the envelope of what is possible in this medium, and the device works.

The plot can be quickly summarised. Her chief protagonist Spacey Joe is a young man making his way in the urban jungle of a not-so-distant future. Joe poor but unbowed, from its foil-embossed cover to the shattering content of its final panels, *Playing The Game* is a milestone: a significant achievement which deserves to promote wider acceptance of this neglected genre. Lessing has deliberately

embark on an odyssey through Lessing's dangerous vision. Her characters shatter stereotypes: Francesca Bird is an eye-catching mix of black girl with ginger hair and blue eyes. There is in the settings and backgrounds more than a hint of Fuseli's illustrations for Dante's Inferno.

Doris Lessing has said: "I am hammed by the vision of all those kids out there who are disqualified from the whole of culture, who perceive it as 'not for us'. It troubles me that they are unnecessarily excluded by those who don't even know they are doing it". Her hidden philanthropic agenda in writing *Playing The Game* is to open the kingdom of books to the dispossessed.

The graphic novel, a medium midway between the video and the printed page, with panels which frequently resemble film storyboards, has had a mixed reception in Britain. The UK suffers from a tradition deficit in professional graphics. In France, the US, Japan or South Korea writing for or illustrating graphic novels is a respectable occupation and the medium is recognised as expressive and versatile. But in the home territories of *The Beano* and *Viz*, graphic novels have so far failed to find a large audience. *Playing The Game* is an attempt to make good that deficit.

Martin Mulligan

## Frieda's story by Lady C

**T**his fashion for sequels: where will it end? You might think a sequel to *Lady Chatterley's Lover* is going too far, but Elaine Feinstein handles it with dignity and grace, making what happened afterwards a delicately acid love story with political depth. One of her 23 other books is a biography of D.H. Lawrence's relationships with women. Here she uses Lawrence's intimacy with Frieda to carry on the pulse of his most famous novel. This is Frieda's love story, projected on to Lady C.

Lady Chatterley leaves her husband, lives with Mellors. They go to Italy, enter rural life incognito, have money troubles. Things are wonderful for a while; then difficult; then very difficult, and cold. Resentments, cruelties, sexual disappointment, violence and shame creep in. He gets TB, she finds a lover. He dies on the eve of the second world war. All the fall-out from the disintegration of a free fierce relationship — but a relationship which was still, on balance, worth the candle.

One departure from the true-life Lawrence and Frieda story is a daughter — who resents her mother for her father's disappointment in her, yet is reconciled to her at the end. Feinstein creates a human image of

the lasting good that came from that love.

Most of Feinstein's novels have 20th-century European Jews at their centre. The Chatterley-Lawrence amalgam gave her a wonderful way of making Jewishness important from the margin, at a time when its weight was changing in British life. She gets this through the political context, the rise of grassroots Italian fascism and Mellors's initial thirsty response to it. He is later disillusioned by the rising political violence, which parallels the rising violence (mainly Connie's) in his own home.

But coming from a northern mining area, he embraces fascism as the solution to injustice, despising Connie's access to Italian aristocracy, and to that snowfall of British expatriates who exist, thin-scaled, on the surface of Italian life.

To counterweight Mellors's underprivileged British perspective, Feinstein gives Connie a German Jewish scientist lover. To him, university England spells asylum: while Connie's sister's lover is a Mosleyite Squire. You get a multi-focal image of England seen from abroad. The most class-ridden place, superficial, unfair, full of justified resentments, and the decent place which, in spite of internment German Jews who fled the Nazis, becomes the sanest country in a world preparing to go mad.

The novel is gently written in Connie's voice, with spare beautiful descriptions of Tuscan seasons filled with colour and interesting odd smells. Connie's painful, generous anatomy of what goes wrong in her relationship mirrors a world going wrong in ways she intuits but does not understand: for she lives entirely through love and sensation.

The message of sexual freedom, for which Lawrence's trial is transmitted to the sadder, softer message that — at the political and the domestic level both — even sex cannot help different people understand each other's needs.

Ruth Padel



## INTERNATIONAL ARTS GUIDE

**What's on in the principal cities****AMSTERDAM****CONCERT**

**Concertgebouw** Tel: 31-20-5730573  
 ● Koninklijk Concertgebouworkest: with conductor Mstislav Rostropovich and cellist Natalia Gutman perform Shostakovich's "Cello Concerto No.1" and Tchaikovsky's "Symphony No.5"; 2.15pm; Jan 14

**EXHIBITION**

**Stedelijk Museum** Tel: 31-20-5732911  
 ● Constant Schilderijen 1948-1995: retrospective exhibition showing paintings by the Dutch artist from his Cobra-period (1948 - 1951) until the present time; to Jan 21

**OPERA & OPERETTA**

**Het Muziektheater** Tel: 31-20-5518117  
 ● Werther: by Massenet. Conducted by Edo de Waart and performed by De Nederlandse Opera and the Radio Filharmonisch Orkest. Soloists include Martin Thompson, Gilles Cachemaille, Susan Graham and Henk Smits; 8pm; Jan 14, 15, 16, 18, 21 (1.30pm), 24, 26

**ANTWERP****CONCERT**

**De Singel** Tel: 32-3-2483800  
 ● Symfonisch Orkest van de Vlaamse Opera: with conductor Paolo Olmi and mezzo-soprano Birgit Remmert perform works by Mendelssohn, Mahler and Tchaikovsky; 3pm; Jan 14

**BALTIMORE****CONCERT**

**Joseph Meyerhoff Symphony Hall** Tel: 1-410-753-8000  
 ● Baltimore Symphony Orchestra: with conductor David Zinman and violinist Hilary Hahn in an all-Bernstein programme; 8.15pm; Jan 19, 20, 21 (3pm)

**EXHIBITION**

**Baltimore Museum of Art** Tel: 1-410-396-6310  
 ● The Cubist Generation: Prints, Drawings, and Photographs from the Museum Collection: this exhibition of approximately thirty prints, drawings and photographs surveys the beginnings of Cubism with prints by Picasso and Braque, and continues with the generation of European and American artists who used their ideas as the point of departure for their own distinctive styles. The museum's collection includes drawings by Gleizes, Gris and Marcoussis and works by American artists such as Feininger, Weber and Strand; to Jan 21

**BERGEN****CONCERT**

**Grieghaus** Tel: 47-55-218150  
 ● Bergen Filharmoniske Orkester: with conductor Andras Ligeti perform works by Kodály; 7.30pm; Jan 18

**BERLIN****CONCERT**

**Konzerthaus** Tel: 49-30-203082100/01  
 ● Berliner Sinfonie-Orchester: with conductor Michael Schoenwandt and violinist Dmitry Sitkovetsky perform works by Weber, Elgar and Beethoven; 8pm; Jan 19, 20, 22  
 ● Rundfunk-Sinfonieorchester Berlin: with conductor Manfred Honeck and baritone Matthias Göre perform Mahler's "Lieder eines fahrenden Gesellen" and "Symphony No.1"; 8pm; Jan 14  
**Philharmonie & Kammermusiksaal** Tel: 49-30-2548800  
 ● Chamber Orchestra of Europe: with conductor Pierre Boulez and mezzo-soprano Wendy Hoffman perform Mahler's "Kindertotenlieder" and works by Stravinsky, Boulez and Bartók; 8pm; Jan 20, 24, 27

**DANCE**

**Komische Oper** Tel: 49-30-202600  
 ● Au-Déjà: world premiere of a choreography by François Reinhart to music by Giacinto Scelsi, performed by the Tanztheater der Komischen Oper Berlin. Soloists include Alma Munteanu, Angela Reinhardt, Thomas Volmer and Gregor Seyffert; 7pm; Jan 14, 24 (8pm)

**OPERA & OPERETTA**

**Deutsche Oper Berlin** Tel: 49-30-3434801  
 ● Die Meistersinger von Nürnberg: by Wagner. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel, Reinhard Hagen, David Griffith and Barry MacDaniell; 5pm; Jan 14, 21  
**Staatsoper Unter den Linden** Tel: 49-30-2082851  
 ● Madame Butterfly: by Puccini. Conducted by Simone Young and performed by the Staatsoper Unter den Linden. Soloists include Anna Tomowa-Sintow, Rosemarie Lang, Johan Botha and Igor Morosov; 7.30pm; Jan 14, 18 (7pm), 21 (4pm)

**BILBAO****OPERA & OPERETTA**

**Teatro Coliseo Albia Antzokia** Tel: 34-1-4155490  
 ● Les Pêcheurs des Perles: by Bizet. Conducted by Antonello Allemandi and performed by the Coro de Ópera de Bilbao and the Orquesta Sinfónica de Euskadi. Soloists include soprano Ainhoa Arrieta, tenor Iñaki Vergara, bass-baritone Yasuo Horuchi and bass Michele Blanchini; 8pm; Jan 19, 22, 25

**BOLOGNA****CONCERT**

A detail from 'The Kiss', by Rodin (see Musée d'Orsay, Paris) ©Giraudon/Bridgeman Art Library

**Teatro Comunale di Bologna** Tel: 39-51-529989  
 ● Quartetto Chenubini: with viola-player Tabita Zimmermann perform string quintets by Mozart and Brahms; 8pm; Jan 15

**BONN****CONCERT**

**Oper der Stadt Bonn** Tel: 49-228-7281  
 ● Die Wintermeis: by Schubert. Performed by tenor Francisco Araiza, accompanied by pianist Jean Lamaire; 8pm; Jan 15

**EXHIBITION**

**Kunst und Ausstellungshalle der Bundesrepublik Deutschland** Tel: 49-228-9171200  
 ● Marlene Dietrich: exhibits from Dietrich's estate illustrate her glamour, political activity, private encounters and public appearances; to Jan 21

**OPERA & OPERETTA**

**Oper der Stadt Bonn** Tel: 49-228-7281  
 ● Fidelio: by Beethoven. Conducted by Shuji Okatsu and performed by the Oper der Stadt Bonn and the Orchester der Beethovenhalle. Soloists include Carol Yahr, Alessi Stabili, Pavlo Hunka, John-Paul Bogerd, Axel Mandrik and Birgit Beer; 8pm; Jan 18

**BOSTON****CONCERT**

**Boston Symphony Hall** Tel: 1-617-266-1492  
 ● Boston Symphony Orchestra: with conductor Simon Rattle and violinist Ida Haendel perform Beethoven's "Violin Concerto" and Mahler's "Symphony No.10" (performing version by Deryck Cooke); 8pm; Jan 18, 19 (1.30pm), 20, 23

**CHICAGO****CONCERT**

**Chicago Hall** Tel: 1-312-435-6666  
 ● Chicago Symphony Orchestra: with conductor Zubin Mehta perform Schubert's "Rosamunde Overture" and R. Strauss' "Symphonia domestica"; 8pm; Jan 18, 19, 20, 22

**OPERA & OPERETTA**

**Civic Opera House & Civic Theatre** Tel: 1-312-332-2244  
 ● Faust: by Gounod. Conducted by John Nelson and performed by the Lyric Opera of Chicago. Soloists include Richard Leach, Samuel Ramey, Renée Fleming and Dmitri Hvorostovsky; 7.30pm; Jan 20, 24, 27

**CLEVELAND****EXHIBITION**

**Cleveland Museum of Art** Tel: 216-221-7340  
 ● Poussin: Drawings from the Collection of Her Majesty Queen Elizabeth II: the Royal Collection at Windsor Castle is lending 65 drawings for this exhibition of works by 17th-century French artist Nicolas Poussin. The show includes preliminary sketches as well as fully finished compositions; to Jan 24

**COLOGNE****CONCERT**

**Kölner Philharmonie** Tel: 49-221-204020  
 ● Kölner Rundfunk-Sinfonie-Orchester: with conductor Hans von Känel and pianist Rudolf Buchbinder perform Mozart's "Piano Concerto No.20" and Bruckner's "Symphony No.9"; 8pm; Jan 20

● Sinfonieorchester Wuppertal: with conductor Peter Gülik and trumpeter Markus Stockhausen perform works by Mozart, Zimmermann and Bruckner; 8pm; Jan 21

**EXHIBITION**

**Wallraf-Richartz-Museum** Tel: 20-221-221  
 ● Piranesi und die italienischen Druckgraphiken des späten 18. und frühen 19. Jahrhunderts: exhibition of prints by Giovanni Battista Piranesi (1720 - 1778) and contemporary artists such as G.B. Tiepolo, D. Tiepolo, Canaletto, Belotti, Pitteri, Vasi and Bartolozzi. Highlights of the exhibition include Piranesi's views of the buildings and ruins of Rome; from Jan 19 to Mar 31

**COPENHAGEN****CONCERT**

**Radiotele Concert Hall** Tel: 45-35 20 30 40  
 ● Radiosymfoniorkester: with conductor Herbert Blomstedt and the

Banda and viola-player Joseph Suk perform works by Dvorák, Martinu and Jiri Antonín Benda; 8pm; Jan 16

**LEIPZIG****CONCERT**

**Gewandhaus zu Leipzig** Tel: 49-341-12700  
 ● Gewandhausorchester: with conductor/pianist Myung-Whun Chung perform Mozart's "Piano Concerto in A major" and Bruckner's "Symphony No.6"; 8pm; Jan 18, 19, 20

**LINZ****CONCERT**

**Brucknerhaus** Tel: 43-732-7812  
 ● Wiener Philharmoniker: with conductor Claudio Abbado and pianist Martha Argerich perform works by Bruckner and Beethoven; 7.30pm; Jan 15

**LONDON****CONCERT**

**Christies South Kensington** Tel: 44-171-5817611  
 ● Magic Lanterns, Camera and Optical Toys: highlight of the sale is the Lears Magical Lanterns museum collection. The collection of magic lanterns, lantern slides and optical toys belonging to Doug and Anita Lear include the triumphal lantern by J.H. Steward. The sale also includes a projecting microscope by Wright and Newton dating from 1892, slides and early lantern handles; 10.30am; Jan 18

**CONCERT**

**Barbican Hall** Tel: 44-171-8388891  
 ● The Royal Opera House: with conductor Sir Colin Davis and violinist Midori perform Mozart's "Violin Concerto No.3" and Bruckner's "Symphony No.9"; 7.30pm; Jan 16  
**St. John's, Smith Square** Tel: 44-171-2221061  
 ● The English Concert: with director/harpist Trevor Pinnock perform works by Handel, Telemann and J.S. Bach; 7.30pm; Jan 17

**OPERA & OPERETTA**

**Royal Opera House - Covent Garden** Tel: 44-171-3044000

● The Midsummer Marriage: by Tippett. Conducted by Bernard Haitink (Jan 16, 19) and David Syrus (Jan 27) and performed by The Royal Opera. Soloists include John Tomlinson, Cheryl Barker, Ullian Watson, Eddiarm Hartley and Catherine Wyn-Rogers; 7pm; Jan 16, 19, 27

**THEATRE**

**Purcell Room** Tel: 44-171-9604242  
 ● Circus Space Cabaret: featuring Jeremy Robbins, Heir of Insanity, UltraVision, Tramp, Peppylukus, Corky and the Juice Pigs, and Tuyo. Part of the London International Mime Festival '96; 8pm; Jan 12, 13, 14, 26, 27, 28

**LOS ANGELES****EXHIBITION**

**Los Angeles County Museum of Art** Tel: 1-213-857-6522  
 ● The American Discovery of Ancient Egypt: this exhibition traces the contributions by American scholars toward the understanding of the cultural record of ancient Egypt. The exhibition spans the period of roughly four and a half millennia, from the Predynastic period (about 4000 BC) to the end of the Roman occupation of Egypt in AD 395. Highlights include a 12-ton Ptolemaic gateway, images of the pharaoh Akhenaten, jewellery and precious objects from the tomb of Nubian monarchs, and the elaborate coffin lid of a 26th dynasty official; to Jan 21

**OPERA & OPERETTA**

**Dorothy Chandler Pavilion** Tel: 1-213-972-8001  
 ● L'Italiana in Algeri: by Rossini. Conducted by Richard Bonynge and performed by the Los Angeles Opera. Soloists include Jennifer Larmore, Kurt Nilsen and Constance Hauman; 8pm; Jan 17, 18 (1pm), 24, 27

**LYON****OPERA & OPERETTA**

**Opéra de Lyon** Tel: 33-72-00 45 45  
 ● Die Zauberflöte: by Mozart. Conducted by Kent Nagano and performed by the Opéra de Lyon. Soloists include Christiane Oelze and Veronique Gangemi; 8pm; Jan 19, 21 (5pm), 23 (7.30pm), 24, 25, 27, 28 (8pm)

**MADRID****OPERA & OPERETTA**

**Teatro alla Zarzuela** Tel: 34-21-4952256  
 ● La Bohème: by Puccini. Conducted by Elena Hersz and performed by the Teatro alla Zarzuela. Soloists include Florella Burato, Ester Lamoris, Fernando de la Mora and Carlos Bergasa; 8pm; Jan 21, 24, 26

**MILAN****CONCERT**

**Teatro alla Scala di Milano** Tel: 39-2-72003744  
 ● Mischa Maisky and Daria Hvorova: the cellist and pianist perform works by Berlioz, Beethoven, Tschaikovsky; 8.30pm; Jan 18, 19, 20

**OPERA & OPERETTA**

**Teatro alla Scala** Tel: 39-2-72003744  
 ● The Gambler: by Prokofiev. Conducted by Valery Gergiev and performed by the Teatro alla Scala. Soloists include Edita Gruberova, Renée Frost, Gabriele Rossmann and David Pittman-Jennings; 7pm; Jan 18, 19, 20

**LAUSANNE****CONCERT**

**Salle de Météropole** Tel: 41-21-322707  
 ● Orchestre de Chambre de Lausanne: with conductor Christian

Benda and viola-player Joseph Suk perform works by Dvorák, Martinu and Jiri Antonín Benda; 7pm; Jan 16

**OPERA & OPERETTA**

**Nationaltheater** Tel: 49-89-21851920  
 ● Aida: by Verdi. Conducted by Roberto Abbado and performed by the Bayerische Staatsoper. Soloists include Gerhard Auer, Waltraud Meier, Cheryl Studer, Denis O'Neill and Kurt Rydl; 7pm; Jan 19, 23, 27

**NEW YORK****CONCERT**

**Carnegie Hall** Tel: 1-212-247-7800  
 ● Detroit Symphony Orchestra: with conductor Neeme Järvi and pianist Garrick Ohl



James Morgan

## Mitterrand: Bulgaria's national hero

The man that was France poses more questions than answers

**I**t has been an impossible week for those who follow the *diction de mortuis nil nisi bonum*. One cannot speak of François Mitterrand and not at some time speak ill of the dead.

Among my French acquaintances the most favourable attitude is grudging respect mixed with sympathy. Outright hostility is more common. But as Alain Peyrefitte, a former Gaullist minister, wrote in *Le Figaro*, this is not the time for polemics since Mitterrand "was for France for 14 years".

When a notable national leader dies it is natural that the prism through which his life is viewed is shaped by the viewer. That is especially so when the subject possesses what one might delicately

call a multi-faceted personality. *Frankfurter Allgemeine Zeitung* consecrated its main front page to the heritage of President Mitterrand and talked only of his role in the evolving relationship between France and Germany. The British were not able to do this because there is no evolving relationship between France and Britain.

One might have thought a similar difficulty would have struck Hungarian editorialists. But no, for a curious fluke, one of their former leaders died at the same moment as Mitterrand. He was Karoly Grosz, the last full-blown Communist leader before the winds of 1989 swept all before them. The papers therefore took a historic

opportunity to make those entirely bogus comparisons beloved of journalists. *Magyar Nemzet* could point out that while Mitterrand was a devotee of European union, Grosz supported only cautious reform of socialism.

In Bulgaria, Mitterrand is a national hero. "He was the first to draw attention to our country," said the "eminent poetess", Blaga Dimitrova. The main heading for a set of tributes in *Duma* read: "The Bulgarian Mitterrand: A Frenchman who understood others".

Back in France there was even less clarity. The one point of agreement was that he created "alternance": by his victories and his initiatives in "cohabiting" with his political opponents, he made

France a democracy where one party naturally succeeded another, rather than one constitution naturally succeeding another.

The best summary of the "Mitterrand problem" came in questions posed by *Les Echos*. Was he left or right? Resistant or collaborator? Third Worlder or European? Enemy of the far right or friend of René Bousquet, the Nazis' instrument in France?

Mitterrand was a true reflection of France because he incarnated its contradictions. That view was not explicitly stated by his domestic obituarists. He was not described as, for example, "a true son of France", even though that is what he was. He was France, *passe* M. Peyrefitte, for much longer than 14

years, because he was both sides of the question. He worked for Vichy and for the Resistance.

He was no French hero, for to qualify one has to be executed or, at some time, be exiled. Thus Mitterrand does not sit alongside de Gaulle in the French pantheon.

When he visited China in 1983, so the story goes, the name Mitterrand was transcribed into the ideograms *Mit tei* in Deng Xiaoping, the Chinese leader, explained what they meant: "Enigma, all is clear."

■ I must apologise for an oversight last week. I recounted what might be seen as a German riposte to the assertions of British superiority put forward by the commentator, Lord Rees-Mogg, and the novelist, Frederick Forsyth. The German

was one Helmut Alleswisser.

Many people have since told me that they wholly agreed with Alleswisser's views on the inadequacy of British freedoms and democracy. But they believed that no real German columnist could be so hostile towards a friendly country. I should have explained for non-German speakers that Alleswisser translates as Knowall. And his paper, the *Rattenfänger-Tageszeitung* of Hamelin, is called the *Pied-Piper's Daily Advertiser*. Therefore, I feel, if Herr Alleswisser did not exist we would have to be invented. And so he has been. We shall hear from him again.

■ James Morgan is economics correspondent of the BBC World Service.

Peter Aspden

## How to rule the world



I am cramped in my car in the centre of London; perspiring, cursing, heavy with anxiety and staring sadly at the fleet of immobile vehicles between me and my destination. It is the fault of a clown. I can just see his stupid grimacing head towering above crowds of spectators. I couldn't swear to it, but I think his name is Ronald and he is something to do with a well-known fast-food chain.

I ask a policeman what is happening and he tells me it is the traditional New Year parade. Traditional? I can just hear a tune which sounds like "Yankee Doodle Dandy" and catch a glimpse of some cheerleaders in mid-twirl. I wonder which city I am in.

The very next day, I am at a football match: the west London derby, QPR versus Chelsea. It means a lot to me, and a few thousand other born-and-bred west Londoners. A foggy announcement tells me that prime minister John Major is about to conduct the pre-match entertainment. It sounds unlikely.

But I have misheard, of course: it is the drum majorettes of some earnest high school band who, the announcer choruses, have arrived fresh from their success in causing traffic chaos in central London on the previous day. They perform with brio, innocent of the subtleties of inner London rivalry but brimming with wholesome expectation. The west London derby has a deviant, heart-breaking climax but by then they are doubtlessly tucked up in bed, dreaming of quarterbacks and quarter-pounders.

It is so easy to be anti-American.

**I**t is not the US's fault that its icons mean more to British children than Beatrix Potter

In Europe, it usually takes the form of the viciously sarcastic aside, premised on an apparent cultural superiority which is as tedious as it is tendentious.

Thus the country which has given us Whitman, Fitzgerald, Charlie Parker, Tamla Motown, Orson Welles, Woody Allen, not to mention the New York Review of Books, is said to lack culture, or subtlety, or irony or whatever the hell we have so much of that we can afford to uncork our smug, constipated laugh every time someone mentions Jane Austen.

But then you come across Mickey, Donald and his pals somewhere that they do not belong and you forget yourself, and all those great names. All you can see around you is Planet Hollywood baseball caps, and you wonder whether it is a brand name or a prophecy.

In the old days, you might have protested against cultural imperialism, but it is a harder-headed world now: you want your stake in the stakeholder economy, so you accept it.

And, in truth, what should a traditional English New Year parade look like? Which particular embossed display of indigenous street theatre do we choose? Morris dancers? It is not America's fault that its ubiquitous icons mean more to British children than Beatrix Potter or Enid Blyton.

It will not last long, I hear you say. Each empire has its day, and America cannot surely dominate the next century in the way it has the present one.

But I am not the only one who has his doubts. In his trenchant polemic *The Twenty-First Century Will Be American*, to be published in Britain by Verso in the spring, the Brazilian writer Alfredo Valladao predicts more of the same.

America, he says, will continue to control the world over the next 100 years because it alone possesses the three qualities needed for supreme power: unequalled military force, the most dynamic economy on the planet and, crucially, a culture with universal ambitions.

A restaurant owner acted similarly when I asked him if he knew that serving wine from terracotta jugs and cooking in terracotta pots were outlawed by the EU.

"Let them try coming in here and saying that," he said, rubbing his hands. "I will introduce them into my little pigsty stew." (He is a large man.)

Maybe it is something to do with being on the edge of Europe but the Portuguese steadfastly refuse to get agitated by EU directives.

I have yet to meet one citizen – in particular butchers, who insist on cutting up animals in a different way to any other country in the universe – who does not treat the latest from Brussels in the manner of Lewis Carroll's White Queen when asked to believe six impossible things before breakfast.



Joseph Rotblat: Thanks to the progress of science and technology, the whole of our civilisation is threatened

Tony Andrew

ently clear, simple, consistent views about the future of mankind are ignored?

First of all, I would not say we are ignorant completely."

Or treated as if you were...

"Freaks! Idiots!" Rotblat laughed. "Because people are brought up with this idea that if you want peace prepare for war, that our nation is the ultimate loyalty group – my country right or wrong."

"We have to go beyond this idea," the professor continued. "What I say nowadays is that thanks to the progress of science and technology the whole of our civilisation is threatened. War can no longer save one country. We must say now we owe loyalty to all mankind."

If a hardliner had come to power in the Soviet Union, he would have tried to solve the problem of economic ruin due to the arms race by reaching for his gun. "Fortunately – and not quite fortuitously – we got Mikhail Gorbachev."

Rotblat's answer to the scientists' lack of social responsibility is education. Students should be given lectures on this aspect of their careers, he said, and perhaps a kind

of Hippocratic oath, such as doctors take, could be introduced.

As the threat of a nuclear holocaust recedes – though the danger of proliferation has increased – attitudes were changing. Many scientists were arguing for a Hippocratic oath. Already, as a result of the Nobel Prize, student groups of Pugwash in the US were working to get US students to sign a pledge not to work on socially dubious projects.

The Pugwash veteran said he was encouraged by an appeal from Hans Bethe, the German-American physicist, Nobel laureate and senior surviving member of the atom-bomb team, for scientists to give up working on weapons of mass destruction.

He was heartened that Robert McNamara, the former US Defence Secretary, now took seriously the possibility of a nuclear-free world.

Joseph Rotblat thinks his sacrifices – his first career, a secure place in the bosom of the Establishment – have been worth it. Although honoured by many countries, he was not made a fellow of Britain's prestigious Royal Society until last year.

Whatever else it has done to him, the Nobel Peace Prize will not slow the professor up. Next week he flies to Australia to sit on a government commission charged with investigating how nuclear weapons might be eliminated.

His mentor Bertrand Russell lived to be nearly 100, wits undimmed. Ten years short of Russell's lifespan, Rotblat looks fit enough to surpass it. "I'm lucky with my genes," he said.

Perhaps worrying about the world's problems is good for the health?

"Oh, it helps. It helps, of course.

You have to have an aim in your life to keep you going."

scrambling for breath as we hurtled up and down the hills of Lisbon. He thought this was so funny that he told the driver of the car next to us in the interminable traffic what I had said. "They'll be making us try to come in straight lines next," he said.

A restaurant owner acted similarly when I asked him if he knew that serving wine from terracotta jugs and cooking in terracotta pots were outlawed by the EU.

"Let them try coming in here and saying that," he said, rubbing his hands. "I will introduce them into my little pigsty stew." (He is a large man.)

Maybe it is something to do with being on the edge of Europe but the Portuguese steadfastly refuse to get agitated by EU directives.

I have yet to meet one citizen – in particular butchers, who insist on cutting up animals in a different way to any other country in the universe – who does not treat the latest from Brussels in the manner of Lewis Carroll's White Queen when asked to believe six impossible things before breakfast.

### Encounters / Christina Lamb

## The proud toy-makers of Europe

versation with some of the women. How had such an idea started in such a poor, out of the way place? It seemed so bizarre, toy-making in a village where they said the local school had closed because there were no more children.

They told us that the project was the brainwave of some nebulous body called "the EU" which they clearly did not understand but described in reverent tones as something between missionaries and social workers.

"They came here one day," said one of the women, "a group of foreign people in suits looking for men to train with useful skills. The men were all in the tascas playing dominoes and drinking beer and the visitors looked so disappointed we said they could train us."

"They came every week and the EU is paying for a road, planning

some trees and renovating a former school for mafids.

With all these goodies on offer it is not surprising that Portuguese villages try to outdo each other in sucking up to Brussels. Even the remotest places have signs saying "Welcome to Alentejo etc. City of Europe" and one of the ubiquitous circles of gold stars on blue which one could be forgiven for thinking had replaced the Portuguese flag.

Anibal Cavaco Silva, until recently Portugal's prime minister, was awarded a prize last summer from a big German media group for being the European leader who had stuck most rigidly to European monetary policy.

Not only did he seem delighted by the fact but he took pages in the newspapers to tell everyone. Imagine

John Major wanting to advertise that he had won a prize for being a good European? But then Portugal is a country which actually wants to win the Eurovision song contest.

So far as the Portuguese are concerned the EU is like Christmas the whole year round. Their healthy attitude is that as long as it exists they might as well get the most out of it rather than arguing. Once there is nothing left, then they will quit.

When Brussels bureaucrats get heavy – they suggested that to conform with EU regulations the traditional black and green cans which ply the crowded streets of Lisbon had to be repainted – the Portuguese just ignore them.

I have yet to meet one citizen – in particular butchers, who insist on cutting up animals in a different way to any other country in the universe – who does not treat the latest from Brussels in the manner of Lewis Carroll's White Queen when asked to believe six impossible things before breakfast.

**T**he sign on the old yellow wall said "primary school" but the paint was gradually being swallowed by creeping ivy and inside it was a toy factory.

All the workers were women, dressed in black, sawing and planing, gluing and painting all manner of wooden objects in the hot dusty workshop.

We stumbled across the place while driving round the hills of Algarve, trying to escape the Tea Like Mother Makes and Real English Breakfasts of the beach-front tourist resorts.

My companion said he wanted to speak Portuguese again after five days amid sunburnt British tourists. So we drove inland until the road ran out near the intriguingly named Perna Quebrada (Broken Leg) and then followed a track past a silvery olive grove and up a hill past a ruined tower and found ourselves at the toy factory.

The toys were beautiful – I bought an exquisitely carved carousel and, shouting above the sound of sawing and planing, got into con-

## WEEKEND INVESTOR

**■ Results due next week**

Company	Sector	Announced date	Last year interim	Dividend (p)	This year interim
<b>FINAL DIVIDENDS</b>					
Aberforth Smaller Companies	Int'l	Wednesday	2.10	2.50	2.10
Alexander Holdings	Int'l	Tuesday	0.30	0.70	-
Brooks Tool Engineering	Eng	Thursday	-	0.10	-
Brunner Investment Trust	Int'l	Thursday	2.00	3.00	2.70
Cube Group	SpdV	Monday	0.50	0.65	0.55
First Legion	Ldn	Wednesday	2.12	4.00	2.25
Hill & Smith Holdings	Eng	Thursday	2.10	4.10	2.10
Heil Contracting	Trs	Wednesday	0.07	0.02	0.02
Microgen Holdings	SpdV	Tuesday	2.28	0.05	-
Neostar Technology	Int'l	Thursday	0.05	0.05	0.05
PMS Holdings	Int'l	Monday	0.53	0.10	0.55
Premier Land	Prop	Thursday	-	-	-
Quality Care Homes	Int'l	Tuesday	1.50	1.00	1.50
Second Considifical Tel	Int'l	Monday	1.50	2.50	-

**INTERIM DIVIDENDS**

Company	Sector	Wednesday	2.10
Aberforth Smaller Companies	Int'l	Friday	2.10
Ashurst Hoyle Irvin Tel	Int'l	Friday	2.50
British Broadcast Agency	SpdV	Tuesday	0.30
Burdens	Int'l	Tuesday	0.30
Duchess Tavern & Colonial Pub	Int'l	Tuesday	1.50
Dudley Jenkins	SpdV	Wednesday	1.10
Forsyth	Int'l	Tuesday	2.15
Fleming Income & Cap Trust	Int'l	Monday	1.20
Hellon Holdings	Int'l	Monday	0.50
Inteltek	Int'l	Monday	0.25
MTTE	SpdV	Friday	1.30
Magnus Power	Int'l	Thursday	-
McKay Securities	Prop	Thursday	2.10
Nobis	Prop	Wednesday	2.20
OEM Convertible Trust	Int'l	Friday	4.50
Park Food Group	Int'l	Friday	1.50
Proto-Int'l International	SpdV	Wednesday	1.50
Ranson (RNG)	Prop	Thursday	0.77
Stanley Leisure	Prop	Wednesday	2.00
St David's Investment Trust	Int'l	Monday	3.00
Tandem	Int'l	Monday	2.43
Tottenham Hotspur	Int'l	Tuesday	-
UK Land	SpdV	Wednesday	1.40
Vega	SpdV	Thursday	2.00

"Dividends are shown net per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results.  $\diamond$  1st quarter.  $\diamond$  2nd quarter.  $\diamond$  3rd quarter.  $\diamond$  Irish pence and pence.

**■ Last week's preliminary results**

Company	Sector	Year	Pre-tax profit (£m)	Earnings (p)	Dividends (p)
Barr (B)	Prop	Oct	4,850	15.31	23.70
Deacons Elect	Prop	Sept	2,770	47.70	41.00
Inspiration	Ldn	Sept	7,850	18.36	20.00
Jerry Electrical	Prop	Oct	3,450	14.00	13.00
Lorini	Prop	Sept	18,300	112,000	102,500
Love (L)	Prop	Oct	1,950	7.00	5.25
M & W	Int'l	Oct	2,200	2,100	2,100
NOG Holdings	SpdV	Sept	2,200	10.88	10.84
Trell	Prop	Sept	2,200	18.03	27.47

**■ Last week's interim results**

Company	Sector	Half year to	Pre-tax profit (£m)	Interim dividends (p)
APT Healthcare	Prop	Oct	817 (121)	0.4 (0.4)
Asquith	Prop	Sept	35 (120)	1.2 (1.2)
Barclays (Barclay C)	Prop	Oct	2,410 (1,400)	4.0 (0.5)
Brasex	Int'l	Sept	3,210 (3,040)	4.2 (0.2)
Carepoint	Int'l	Oct	10,100 (6,050)	5.5 (0.9)
Cassidy Brothers	AMM	Sept	500 (250)	0.75 (0.75)
Coral Products	Prop	Sept	773 (575)	0.75 (0.75)
Daneo	Int'l	Sept	622 (654)	0.75 (0.75)
Diomedes	Prop	Sept	37,500 (26,600)	2.05 (1.8)
Elli & Everett	Chem	Oct	13,000 (10,500)	3.2 (2.7)
Erwart	Prop	Sept	716 (610)	0.5 (0.5)
Fleming General Inc	Int'l	Sept	285,3 (287,3)	0.75 (0.75)
Fording Ind High	Int'l	Sept	46,25 (28)	1.1 (1.00)
GDT Group	Med.	Sept	2,970 (2,685)	2.1 (2.0)
Gooder Durant	Prop	Oct	13,400 (6,000)	2.8 (2.8)
Ingham	Prop	Sept	1,000 (1,050)	1 (1.0)
Jones Stroud	Text	Sept	3,723 (2,800)	4.0 (3.5)
Juys Hotel	Ldn	Sept	3,000 (14,400)	2.3 (2.1)
Matthew Clark	AMM	Oct	15,000 (7,150)	9.0 (8.0)
PST	Prop	Sept	7,720 (5,800)	2.2 (2.0)
Phoenix Timber	Build	Sept	169 (173)	(1) (-)
Ryland	Int'l	Sept	1,557 (1,180)	1.17 (0.27)
Savills	Prop	Sept	1,940 (1,900)	0.75 (0.75)
Universal Salvage	SpdV	Oct	1,250 (1,000)	1.52 (0.75)
WE Holdings	SpdV	Sept	1,200 (2,050)	(1) (-)
Vandy (Vag)	Dist	Oct	6,100 (6,000)	2.25 (2.0)
Westport	Int'l	Oct	10 (144)	(1) (-)

**■ Current takeover bids and mergers**

Company	Value of bid (£m)	Offerer	Price (£m)	Value of bid (£m)
Aconex	250	Int'l	200,25	100,25
Ami Energy	77.7	77	75	200,00
Cliff Resources	119	119	82	85,75
Deacon Park 1	130	130	119	203,50
Eastern 1	875	978	700	2,500
Ferry Pickering	195	192	169	26,10
First Dealer 2	172	171	173	21,50
Forrest	3794	367	275	3,500
Hobson	31	31	28	121,00
Mohne Estates	95	91	80	42,00
Northumbrian Water	1170*	1168	103	22,54
OIS Int'l	25	18	7,65	10,00
Polar 1	439	435	378	34,65
SEED-UNITED	533	531	531	15,800
Scotlands 2	1054	9%	10	10,500
South Wales Elec	8494	816	1105	872,55
Unilever	740	650	410	1,000

(\*Figures are for the corresponding period. Dividends are shown net per share except where otherwise indicated.  $\diamond$  5-month figures.  $\diamond$  6-month figures.  $\diamond$  9-month figures.  $\diamond$  12-month figures.  $\diamond$  15-month figures.  $\diamond$  18-month figures.  $\diamond$  24-month figures.  $\diamond$  Gross figures.)

\*\*Purchase price as at midday January 10 1996 excluding accrued interest. Source: ABBA Amex Harts Goss.

†Price per share unless indicated. \*All cash offer. \$1m capital and £1m cash.  $\diamond$  Previous year and figure.  $\diamond$  24-week figure.  $\diamond$  Comparative for 15 months.  $\diamond$  14-week figure.  $\diamond$  10-month figure.  $\diamond$  Gross figure.

£Unconditional.  $\diamond$  Based on purchase price of £10.50m and cash/£1m.

£Unconditional.  $\diamond$  Value of bid includes 14p special dividend.

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# Weekend Investor

Wall Street

## Gloom for the gadget and gizmo sellers

Maggie Urry wonders how the technology sector will make its future profits

**W**anna buy a pc? How about a mobile phone?

Open a copy of the New York Times on a Sunday and a sheaf of leaflets falls out, advertising special deals and low prices on the latest technology from retailers with eccentric names such as Nobody Beats The Wiz.

That may be great news for the consumer. Yet it illustrates the dilemma for the technology companies. Yes, they can sell ever more of their clever gadgets and gizmos. But can they make a profit?

That is the nub of the problem for the technology sector. Revenues are rising fast – even if the great Windows 95 launch last August did not meet the wildest hopes. But earnings growth is slowing.

Take semiconductors. Worldwide sales rose 40 per cent last year and are expected to rise by 25 to 30 per cent this year. However, prices are dropping fast, bringing profit margins under pressure. New chip plants are opening adding supply and creating price competition. At the same time, the cost of building such expensive plant weighs on profits.

Prices of mobile phones are also falling. It sometimes seems that everyone in Manhattan owns one. Service providers are so desperate to sign up new customers that they are "giving away" phones to anyone who will subscribe. The operators then demand discounts from the manufacturers, such as Motorola of the US and Nokia of Finland.

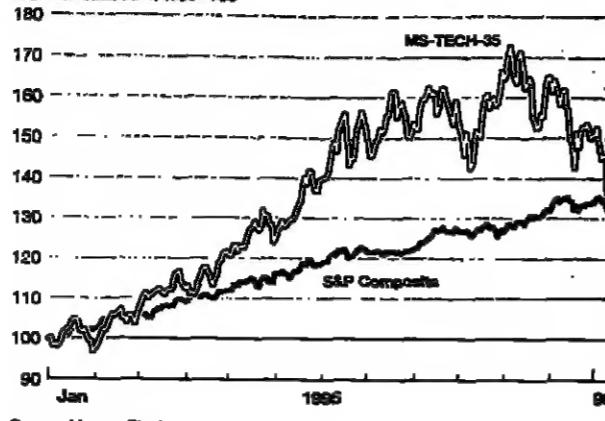
Last year the stock market was caught up with the idea of the sharply rising revenues. Technology stocks were growth stocks. Fund managers could buy almost anything in the sector and set its share price rise. Many probably had little idea of what the companies they were investing in actually made. The technology sector led the market higher.

As so often in sectors which are growing fast, and where the products are difficult for fund managers to understand – such as pharmaceuticals and bio-technology – prices become volatile. Investors' emotions are disproportionately swayed by information which they do not understand sufficiently.

Indiscriminate buying has turned, at times, to indiscriminate selling when the message got through that earnings might not match revenue growth. At first the sector

### Rise and fall of tech stocks

Indices rebased 1/1/95=100



recovered from any sharp sell-offs, notably one in October. But for the last couple of months the trend has been firmly downward, and some leading stocks, such as Microsoft, IBM and Intel, are 20 to 30 per cent down from their peaks, although still well ahead on a 12-month view.

Eric Miller, chief investment officer at Donaldson, Lufkin & Jenrette, says that earnings disappointments from the sector have mainly been shortfalls of expected gains and not earnings declines. He says there is increasing apprehension that there has been a loss of earnings momentum. He fears this could spread to other sectors as the year-end reporting season gets under way in the next few weeks.

Even so, he believes it is not too early for long-term investors, if such exist in the technology sector, to start buying so long as they are selective in their choices of stock.

Although there has been some buying this week, the main news has been of selling. Jeffrey Vinik, manager of Fidelity Investment's famous Magellan mutual fund, is truly a bellwether in that he has taken the role of the lead sheep in the flock of technology buyers. Early last year Vinik was buying technology, so everyone else did too.

But on Thursday, rumours that Vinik had been selling were confirmed when Fidelity published its end-November fund weightings.

The Magellan fund slashed its technology stocks that month, from a 43 per cent weighting to 24.5 per cent. That near 20 percentage point reduction on a fund worth

\$53bn means Vinik must have sold \$10bn worth of technology stocks in the month. The rumour mongers now say he was selling again in December.

The sell-off in technology this week has contributed to the market's fall. Between Tuesday morning and Wednesday evening, the Dow Jones Industrial Average fell nearly 165 points, a decline of 3.2 per cent in two days. That is the sharpest drop the market has suffered in four years.

The main reason for that drop, says Miller, was the breakdown of budget talks between the president and congressional leaders.

One of the bull points for the market since the November 1994 congressional elections swept the Republican party to control of Congress has been the prospect of a balanced budget by the year 2002.

Yet the wrangling over the budget has become increasingly acrimonious. The budget for the current financial year, already more than three months old, has yet to be set, let alone the budgets for the next six years.

This week's collapse of talks became all the more serious when Newt Gingrich, the Republican leader in the House of Representatives, suggested that perhaps no budget agreement will be reached before the presidential election in November.

Dow Jones Ind Average

Monday 5197.58 + 16.25

Tuesday 5130.13 - 67.55

Wednesday 5022.94 - 97.18

Thursday 5065.10 + 32.16

Friday

reached a new peak at the end of December, beating the previous 1991 high.

British actuaries usually

value pension schemes on the basis of their present and projected income streams, not the more volatile market values.

Last year, when the corporate sector bulged with cash, nervous chairmen decided that paying the most generous dividend increases since 1989 might keep the bidders away. At any rate, the actuarial arm of accountant Binder Hamlyn calculates that its surplus index reached a new peak at the end of December, beating the previous 1991 high.

In between came a minor

crunch when the recession

reined back dividend growth

and Norman Lamont, the then

chancellor, delivered a damaging blow in his spring 1995 Budget by cutting the recoverable tax on dividends (amounting to a 8% per cent hit). Now, though, many companies will be able to reward themselves with more contribution holidays.

The continuing pension fund surpluses fundamentally reflect the shift of economic power from labour towards capital. Since 1991, income from employment has fallen from 67 to 62 per cent of national income, while the share of profits has climbed from 12 to 15 per cent.

Back in the 1970s, this shift was moving strongly in the opposite direction, with the result that many pension schemes plunged into deficit.

One day, that will happen again – could it be through the influence of Tony Blair and his "stakeholder society" of citizens determined to exercise their rights and privileges but not, perhaps, so enthusiastic about fulfilling their responsibilities?

For the moment, however,

final salary schemes look robust against the threats from the Pensions Act, which is imposing a minimum funding requirement and other burdens on companies which persist with the guaranteed final salary link.

They are under less pressure to switch to W.H. Smith has just done) to the softer option of "defined contribution".

These schemes have, without effort, shifted wealth from the lower-paid to the rich

recommendation of the Greenbury committee last year that the true pension costs of late-career pay rises for directors should be disclosed. In recent years, bosses' pay has been rising twice as fast as that of the workforce as a whole.

Moreover, in final salary schemes, the benefits bear little direct relationship to contributions made by (or for) individuals. This applies especially to benefits accrued near retirement.

For young scheme members,

the contributions have many

years to earn investment

returns, so the cost is low. For

members near retirement,

however, there is little time

### Its performance was not good but it was not a rout, says Philip Coggan

**T**he January sales were in full swing this week, but the bad news for investors was that it was share prices that were being slashed to attract buyers. A sudden fall on Wall Street hit stock markets across the world, and London was no exception.

The US stock market decline – which knocked 67 points off the Dow Jones Industrial Average on Tuesday and another 97 points on Wednesday – reflected fears that a budget reduction programme might not be agreed until after the presidential elections, plus concern about the coming results season in the face of poor fourth quarter figures from cellular communications group Motorola.

In the circumstances, the FT-SE 100 index was remarkably steady. Footsie dropped by 20 points on Tuesday, 28 points on Wednesday and another 16 points on Thursday – not a good performance but not a rout, either.

Investors may well have been taking the view that the UK market did not enjoy the same kind of phenomenal rise as Wall Street in 1995, so why should it follow it all the way down in 1996? In any case, a recovery in US stocks on Thursday allowed the UK market to rally, and Footsie finished the week on 3,657.3, only 32 points lower than its end-1995 level.

UK shares certainly have grounds for support. Most analysts expect interest rates to be cut further this year. Inflationary pressures remain subdued and takeover activity is expected to continue.

This week's main bid development was the expected increased offer from Granada, the leisure, television and catering group, for Forte, the hotels and restaurant company. Granada raised the stakes by including a special dividend of 47p with the part-shares, part-cash offer and improving the all-cash alternative to 362p a share.

Sears, for example, said it would be closing or disposing of stores in the Saxon and Curteess shoe chains and selling the Millets leisure wear chain; this followed a poor year, in which like-for-like sales fell 1.9 per cent in the second half.

Although Granada's increased bid involved a change of strategy – it now wants to sell Forte's Exclusive and Meridien hotels – the indications were that the City had moved in the predator's favour. But Forte has put up a surprisingly strong defence and the outcome is expected to be close.

There were other bid rumours this week – British Aerospace and Airtours were among the favoured targets – but no new deals.

It is early days in the results season, but investors were afforded a few glimpses of the corporate sector's health this week. The news came mainly from the retailing sector, which displayed a distinctly patchy performance.

Sears, for example, said it would be closing or disposing of stores in the Saxon and Curteess shoe chains and selling the Millets leisure wear chain; this followed a poor year, in which like-for-like sales fell 1.9 per cent in the second half.

## London

## Footsie rides the storm



January sales: share prices slashed to attract buyers

Tony Andrews

spheric figure, but a multiple that assumes a decent rate of profits growth.

Goldman Sachs, however, reckons that quoted companies' earnings will grow by only around 5 per cent in 1996.

The US securities house also believes that, under a Labour government, the likelihood of higher corporate taxes and a more restrictive environment for the company sector could translate into a 12-18 per cent downside for equities.

Fashion retailer Next also had good news: its second half sales rose 13 per cent on the back of selling space which increased by 4.5 per cent. Boots was somewhere in the middle, with strong figures from its chemist side balanced by flat sales at Halfords, the automotive parts retailer.

While individual retailers'

reports were mixed, the overall picture painted by the Confederation of British Industry's distributive trades survey was pretty upbeat. Trading conditions in the high street were reported to be the best for two years.

The consumer will probably be needed to keep the economy going this year. The manufacturing sector is slowing – figures published this week show no growth between October and November – and, judging by October's trade deficit, the highest for three years, the export boom has run out of steam.

If early January is any guide, it certainly looks as if it could be a volatile year, with some dramatic shifts in individual stocks likely on the back of earnings downgrades and take-over rumours. When you are out on the high street fuelling the consumer boom, don't forget the aspirin.

### ■ Highlights of the week

Indices rebased 1/1/94=100



	Price yesterday	Change on week	52 week High	52 week Low	
FT-SE 100 Index	3657.3	+7.2	3720.5	2854.2	Wall St slide/political worries
FT-SE Mid 250 Index	4044.5	-6.6	4080.1	3300.8	Wall St slide/political worries
British Aerospace	833	+30	845	4409	Merger or bid talk
Carlton Cables	1013	+22	1022	851	Programming prospects
Forte	369	+24	375	217	Cheap way into Granada
Granada	663	+24	709	476	Likely to win Forte bid
Loomba	1851	+116	197	134	Demerger prospects
MAI	342	+16	346	220	Net West recommends
McBride	150	-35	215	144	Company warns on profits
McDonnell Douglas	60	+6	105	29	GEAC buys stake
More O'Ferrall	498	+25	4974	344	Cambridge upgrade
Sainsbury (M)	404	+23	4794	363	Management changes
Shandwick	41	+11	42	32	Parfums "buy" note
Tate & Lyle	461	-18	482	416	CL profits downgrade
Treat	318	-23	408	227	Profits below forecasts

Barry Riley

## Fat cats and money machines

Is the final salary pensions bonanza coming to an end?

for investment gains to be made and, thus, the cost of the benefits is much higher, perhaps eventually more than 50 per cent of pay. This is an important but little understood – reason why so many people over the age of 50 have lost their jobs. But directors are much more likely to survive in employment to a ripe old retirement age – bolstered by their discovery that pension schemes can be pots of gold to be raided without disclosure.

Until now